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King Hussein Chooses Eldest Son as His Heir

Prince Abdullah, 37, an Army Major, Is Anointed as the Jordanian Successor

By Douglas Jehl
New York Times Service

CAIRO — King Hussein of Jordan has completed a remarkable change of course by anointing his eldest son, Prince Abdullah, as next in line for the Hashemite throne, Jordanian officials said Monday.

Prince Abdullah, who turns 37 on Friday, is an army major general who heads Jordan's special forces. He is said to share some of his father's common touch and is popular within the country's tribal-dominated military, a bedrock of support for the monarchy. But he has not been tested outside the armed forces.

Less than a week ago, few in Jordan had doubted that Prince Hassan, the king's 51-year-old brother and his designated heir for 34 years, would be next to assume the crown.

But since returning home on Jan. 19 from six months of cancer treatment in the United States, the king has turned

that assumption upside down. In place of Prince Hassan, a scholarly, Oxford-educated technocrat who is well-versed in economic and foreign affairs, the 63-year-old king has now chosen in Prince Abdullah a career soldier about whom much less is known.

Like King Hussein, Prince Abdullah attended the British military academy at Sandhurst, England. A biographer, James Lunt, wrote in 1989 book "Hussein of Jordan" that Prince Abdullah was in many ways remarkably like his father in character.

On infrequent occasions, Prince Abdullah has served as regent in Jordan, with the power to oversee the country during the absence of the king and other senior members of the royal family. But some of his associates have said that he has never shown much ambition outside the army.

The king, who over a 47-year reign

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Prince Abdullah, the eldest son and now the heir of King Hussein.

U.S. Missiles Killed Civilians, Iraq Says

Pentagon Points to Provocations

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. officials said Monday that an American attack on an air defense installation in southern Iraq was a response to Iraqi provocations, but they could not immediately refute Iraq's claim that U.S. missiles had struck residential areas, killing civilians.

"We're still assessing the site damage," said a Pentagon spokesman, Captain Michael Doubleday of the navy. He said the Pentagon could not say whether civilians were hit because "we don't have any details."

But another Pentagon spokesman, Colonel Richard Bridges of the army, said there was no initial indication that the American planes had hit anything other than their intended military targets. He also said a damage assessment was under way.

Iraq said at least 11 people died and 59 were injured, including women and children, in the first reported sustained air attack since the Desert Fox strikes last month.

Iraq linked the escalation in the fight-

ing to the Arab League's failure at a Sunday meeting of foreign ministers in Cairo to condemn the Desert Fox strikes by the United States and Britain.

In Basra in southern Iraq on Monday, journalists saw about 50 houses badly damaged and four others completely destroyed. Basra residents had said earlier by telephone that at least 12 people had been killed and 37 injured in the attack.

The official Iraqi press agency, INA, reported that civil defense teams ferried wounded Iraqis to hospitals and tried to recover bodies from the rubble of buildings. A Western reporter in Basra said he saw a house that was destroyed and three others that were damaged. He said he was taken to a hospital where he saw severely injured children.

"Civilians, children, women and elderly people" were among the casualties, according to the Iraqi press agency.

In the skies over Iraq on Monday, American planes fired on Iraqi air defense sites in both northern and southern Iraq.

In at least one case in the north, Iraq fired a surface-to-air missile at an American plane but missed.

The initial attacks were northwest of Basra, where U.S. Air Force and Navy jets fired at an Iraqi surface-to-air missile site and "associated, integrated air defense systems," according to a statement from U.S. Central Command headquarters in Tampa, Florida, which is in charge of all American forces in the Gulf area.

The American planes launched their missiles "in response to Iraqi incursions in the no-fly zone," it said.

A spokesman for the U.S. Central Command said the American jets were threatened by Iraqi anti-aircraft artillery and four Iraqi MiG fighters flying in the southern no-fly zone.

Several hours later, U.S. aircraft patrolling the no-fly zone over northern Iraq were targeted and fired upon by at least one Iraqi surface-to-air missile and by anti-aircraft artillery near the city of Mosul, a U.S. spokesman said.

Iraq made no mention of any incidents in the north.

All of the U.S. airplanes returned safely to their bases, officials said.

U.S. warplanes patrolling the no-fly zones to protect ethnic minorities have been firing missiles regularly at Iraqi air defense positions in response to being "painted" by radar from the Iraqi positions, which indicates that the aircraft are about to be fired on.

Iraq's information minister said in Baghdad that the Basra incident killed several people and left dozens wounded.

The minister, Humam Abdel-Khalik, spoke with reporters shortly after the official Iraqi press agency said a missile hit the Jumhuriya neighborhood of Basra. The agency accused the jets of targeting "heavily populated areas."

(AP, AFP)

China Insists It Opposes Devaluing Its Currency

Talk of Cut in Yuan's Value Hits Asian Markets

By Philip Segal
International Herald Tribune

HONG KONG — China's central bank insisted Monday that it would defend the value of the yuan after an article in an official Chinese newspaper reawakened fears of a devaluation and sent share prices and currencies plummeting across Asia.

A spokesman for the People's Bank of China dismissed the article in Sunday's English-language China Daily as a "private opinion" that did not "reflect the point of view" of the bank.

While the article noted that Chinese officials opposed a devaluation, it quoted "some analysts" as saying that a devaluation of the yuan "would not trigger a fresh round of currency devaluation."

Investors in many Asian markets interpreted the comments as a shift in Beijing's official policy of keeping the yuan stable.

Before this year began, analysts were saying that a devaluation of the currencies of Brazil and China could throw the world's markets into disarray and the global economy into recession, because the competitive devaluations that could follow would shut off export markets for the United States and Europe

and make foreign debt in the developing world harder to repay.

Brazil devalued its currency this month, and the comments in China Daily led some analysts to conclude that China was getting ready to do the same.

"The Chinese government is floating trial balloons simply in order to cushion

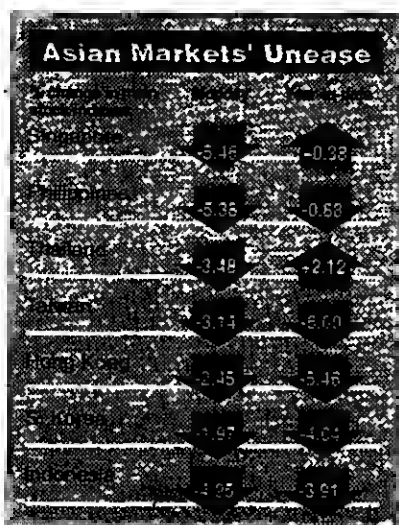
Japan's trade surplus against a 40.1 percent to a record 21.1 percent."

the psychological shock to the markets," said Stratfor Asia Intelligence Update, a U.S.-based political and economic forecasting firm. "It is now obvious that we are very close to devaluation."

But a spokesman for China's central bank said Monday that the newspaper report did not represent the government's position, the AFX news service reported.

"China will stick to last year's policy of maintaining exchange-rate stability," the spokesman said. Prime Minister Zhu Rongji made a similar pledge during a meeting with Sisavath Keobounphanh, the prime minister of Laos, Agence France-Presse reported, citing a report on China Central Television.

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The Dollar			
	New York	Monday 9:40 P.M.	previous close
Euro	1.1553		1.1556
Pound	1.957		1.9593
Yen	113.905		114.425
DM	1.8932		1.8958
FF	5.6786		5.6573
The Dow			
	Monday close		percent change
S&P 500	9,203.32		+0.79%
percent change			
Nasdaq	1,233.95		+0.58%
percent change			
	2,368.11		+1.30%

Religious Clashes Leave Indonesia Town Stunned

By Mark Dodd
New York Times Service

AMBON, Indonesia — At least 40 Christian villagers including women and children were killed by a Muslim mob in a single incident outside this provincial town, days after bloody clashes erupted between the two communities last week — the worst violence in Indonesia since May.

Details of the massacre Thursday at Telagakodok, about 40 kilometers (25 miles) north of Ambon, were confirmed Monday by a senior local government official and Roman Catholic priest.

Cornelius Bohm, a Dutch-born Roman Catholic priest based in Ambon, said the massacre had occurred after an enraged Muslim community at nearby Hito learned of mosques being burned in Ambon at the outset of religious clashes last Tuesday.

The official death toll from five days of rioting, which spread to outlying areas around Ambon and the neighboring island of Seana, now stands at more than 50, although local church and government officials said the final death toll could easily exceed 130.

With more than 5,000 soldiers and police deployed to restore order, thousands of people who last week sought sanctuary in army and police compounds were returning home while stunned residents started a huge cleanup of this once-picturesque port town, parts

of which look like a war zone.

Along the waterfront, among the ruins of the gutted three-story fish market, dogs scavenged in piles of garbage, burned-out kiosks and several crates of stinking, rotten lobster.

Municipal tractors and lorries were clearing roads choked with tons of rubbish including burned tire barricades, shells of incinerated cars and motorcycles.

Damage is estimated in the millions of dollars; universities, schools, banks, shops and clinics remain closed, causing food shortages and ideal conditions for a looming public health problem and humanitarian emergency for hundreds made homeless.

Escorted in convoy by armed police, a small group of foreign journalists was allowed to visit Ambon, under military curfew, Monday. The 36-kilometer road between the airport and town passed through some of the worst-hit areas.

Not much was left of the village of Nania, formerly a harmonious seaside community where Muslims and Christians were neighbors. Almost the entire village, with a population of more than 1,000, had been torched.

Some church leaders said that Muslim and Christian communities, which are virtually the same size and have lived in near harmony on Ambo for decades, had been forced to take sides following other recent religious clashes.

China's Telecoms Battle

State Firm Fights Hard to Fend Off Competitors

By John Pomfret
Washington Post Service

FUZHOU, China — When Chen Zhui and Chen Yan began enticing shoppers at their electronics store with free calls to the United States via the Internet two years ago, the brothers thought they had discovered a snazzy way to hawk their wares.

"Five free minutes to the U.S.," read one ad promoting the sale of digital video-disk players. Lines formed and business boomed. The brothers even set up a phone service, selling calls to the United States at a fraction of the state monopoly's price.

Then things got ugly. Representatives of China's telephone monopoly, China Telecom, swooped around the store, in a riverside village 30 kilometers (18 miles) south of this provincial capital. Acting on orders from China Telecom, the local police arrested the brothers about a year ago, seized more than \$6,000 and their computer and accused them of "endangering national security" and committing "a new type of crime."

In a case being closely watched in Beijing, Chen Zhui responded by suing the police, arguing that his actions were

not criminal because there was no law banning Internet phone service. (Such a law was approved in September, nine months after the Chen brothers were shut down). Last Wednesday, Mr. Chen won the first round in his case and now has hopes of getting his money back and clearing his name.

Chen Zhui and Chen Yan are foot soldiers in a war over how the people of the world's most populous nation will communicate. The little battle in Fuzhou also cuts to the heart of other issues that are key to China's future, such as how much market competition will be allowed, whether Prime Minister Zhu Rongji can overcome bureaucratic obstacles blocking economic reforms and whether the free flow of information, crucial for economic development, will be hindered by political concerns.

On one side of the barricades, bristling with cash and political heft, is China Telecom, a gargantuan telephone monopoly that employs 1 million people and

See CHINA, Page 6

AGENDA

Ousted Israeli Aide Hints At Secret Lebanon Talks

The departing Israeli defense minister, Yitzhak Mordechai, hinted Monday that Israel was conducting secret talks on its military involvement in Lebanon, but he declined to disclose details.

"Some type of negotiation is being conducted," Mr. Mordechai told soldiers at the army's northern headquarters on his last day as defense minister. "I can't elaborate on this. I hope it will result in some achievements."

He added, "I have no doubt that on the agenda of any future government will be the resumption of negotiations with Syria and the withdrawal of troops from Lebanon." Mr. Mordechai was dismissed by Prime Minister Benjamin Netanyahu on Saturday. On Sunday he said he was leaving the Likud bloc to join a centrist list running in the May 17 general election. Page 4.

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The IHT on-line	www.iht.com



WARMTH IN THE SNOW — Foreign Minister Igor Ivanov welcoming Secretary of State Madeleine Albright to Moscow on Monday. Mrs. Albright pledged U.S. support for Russia but privately criticized its economic plan. Page 5.

Senate Looks For 'Exit Door' In Clinton Trial

By Brian Knowlton
International Herald Tribune

WASHINGTON — The Senate met to face crucial questions Monday on whether to cut short the impeachment trial of President Bill Clinton or to continue it indefinitely, with witnesses.

The day's session was postponed for an hour after the majority leader, Senator Trent Lott of Mississippi, said that both sides were in sensitive talks and "close to reaching an agreement" on how to proceed.

"We're searching for an exit door," said Senator John Breaux, Democrat of Louisiana.

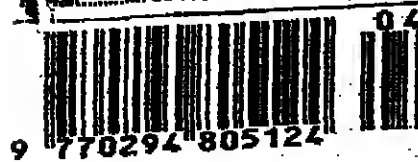
The flurry of negotiations came a day after House prosecutors interviewed Monica Lewinsky and declared that the former White House worker would make a useful witness.

The Senate Democratic leader, Tom Daschle of South Dakota, briefly raised White House hopes by saying that Democrats supported a plan, developed in coordination with a Republican senator, for ending the trial by Friday with votes on the two articles of impeachment.

Republicans, in a caucus meeting, "summarily rejected" the idea, said Mr. Lott's spokesman, John Czwartacki. But both sides agreed to delay the resumption of the trial briefly as they continued the closed-door pursuit of an acceptable solution.

The Democratic plan was announced early in a day when the Senate was to take up two questions on which the proceedings are likely to turn: first, a Democratic motion to dismiss the trial, and then, a Republican motion to allow the questioning of witnesses privately.

Newstand Prices	
Bahrain	1,000 BD Mails
Cyprus	€ 1.00 Mails
Dervnak	17 DKr Oman
Finland	12.00 FM Qatar
Gazet Britain	€ 0.85 Rep. Ireland
Gazet Britain	€ 1.00 Saudi Arabia
Egypt	£ 5.50 S. Africa
Jordan	1,250 JD U.A.E.
Katya	£ 5.40 U.S. Mails
Mails	700 Fils Zimbabwe



A Defiant IOC Chief Vows to Restore Honor to Games

By William Drozdiak
Washington Post Service

LAUSANNE, Switzerland — Just a few weeks ago, Juan Antonio Samaranch was basking in the twilight of his career as the proud patriarch of the modern Olympic movement.

The 78-year-old president of the International Olympic Committee could look back in satisfaction at how the Games staged a miraculous recovery from the political boycotts that imperiled them during the Cold War. He could take pride in how he helped rescue the Olympics from the brink of bankruptcy by transforming them into a dazzling commercial showcase.

But like some Greek tragedy, the success Mr. Samaranch fought so hard to achieve bore the seeds of

what has evolved into his gravest challenge. The huge windfall from television contracts and corporate sponsors spawned high-stakes bidding wars among host-city candidates. That, in turn, fueled a combustible mix of graft and greed that exploded last month into the worst bribery scandal in the 105-year history of the modern Olympic Games.

Even as the corruption crisis still casts a dark shadow over the 2002 Games in Salt Lake City and now threatens to spoil the 2000 Summer Olympics in Sydney, Mr. Samaranch insists he is determined to restore the honor of the Games and, in the process, salvage his own legacy.

Critics say Mr. Samaranch bears much of the blame for ignoring the danger signals despite persistent ru-

mors of vote-buying and influence-peddling within the IOC. Robert Helmick, a former director of the U.S. Olympic Committee who was forced to resign when he became embroiled in conflicts of interest, says Mr. Samaranch should draw the consequences of his neglect by stepping down after 18 years at the helm to allow new leadership to clean house.

But in an interview Monday at the lakeside Chateau de Vidy that serves as IOC headquarters, Mr. Samaranch insisted he could not be held accountable for the misdeeds of a few members — even though he has personally chosen more than 80 percent of the 114 IOC delegates who make up the supreme decision-making body of the Olympics.

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See IMPEACH, Page 4

The Hull Truth / The Minsk to Become an Amusement Park

China's Vaunted Carrier: Naught to Dread

By Michael Laris
Washington Post Service

SHANTIAN, China — China finally has an aircraft carrier. But the hulking gray mass anchored in this small port on a tributary of the Pearl River in the country's south is not going to set sail as part of a Chinese Navy struggling to project its power to the open seas.

Instead, the Minsk, bought from the decaying Russian Navy in 1995, is being turned into a playground — to be decked out with battle-simulation video games, a helicopter ride and a hotel for tourists who want to experience the aura of a mighty fighting ship.

Although there is no public transportation on the dirt road through the sugar-cane fields nearby, a steady stream of sightseers has been making its way to see the rusting, 40,000-ton (36,200-metric-ton) ship since it arrived in China last fall. The refurbishment will not be completed until at least spring, and guards block the main portal to keep people off the ship. But tourists are already paying the yuan equivalent of \$5 each to be ferried around it by local entrepreneurs with motorboats.

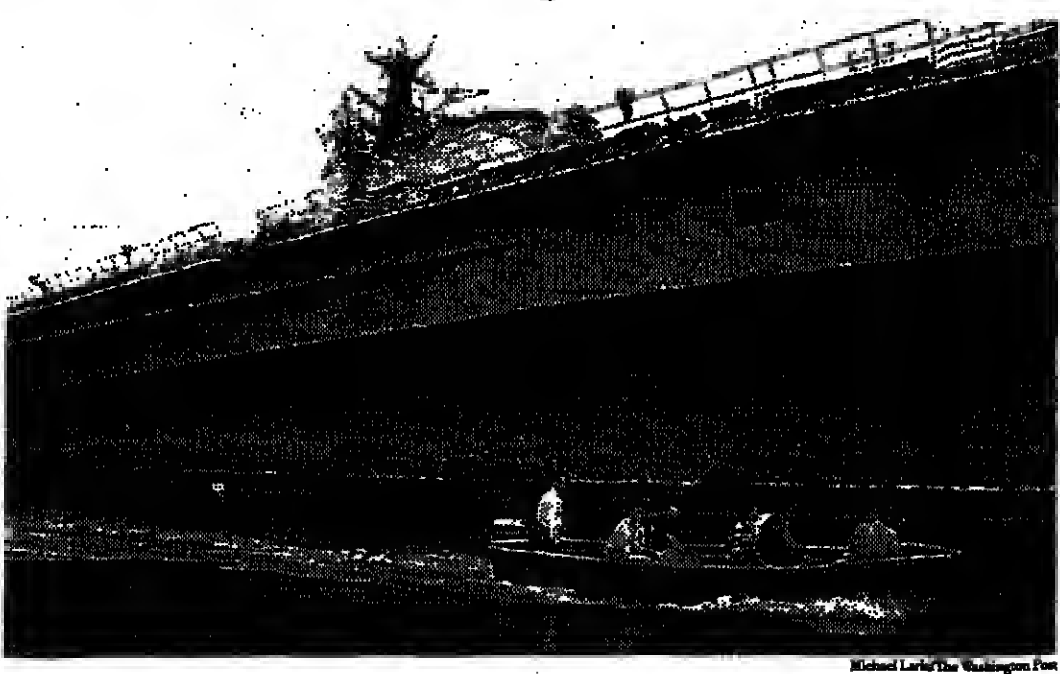
Ominous exposés in the Western media have said that China acquired the Minsk, along with an unfinished Ukrainian carrier that was bought last year by a Macau company headed by a former Chinese Army officer, in a backdoor attempt to get a working aircraft carrier. Actually, both are scheduled to become amusement centers.

Military officials are sure to scower the imported old carriers for potential design hints and the Chinese Navy is also known to operate short airfields where pilots can practice aircraft carrier takeoffs and landings. But while Chinese security officials acknowledge that a modern navy includes aircraft carrier battle groups, they say that now is not the time for such a move.

"Anything the Russians would sell them would be junk," said Bernard Cole, a specialist on the Chinese Navy at the National Defense University in Washington. He said that if China wanted an aircraft carrier, and if it were willing to spend the money and spark an arms race in Asia, it would be better off buying a new one from Spain, as Thailand did in 1997.

FOR NOW, the Minsk is a field of dreams for China's military buffs. Many dream of the day when their nation will assert what they think is the country's legitimate right to dominate events in Asia.

Li Jishe, a self-described "military hobbyist" and former warship builder, traveled all day from his home in the coastal special economic zone of Zhuhai to see the Minsk, which in its heyday in the Soviet fleet carried 12 fighter planes, 18 helicopters



The Minsk's refurbishment will not be completed until at least spring, but tourists are already paying to be ferried around the ship by entrepreneurs with motorboats.

and a crew of 1,200. Staring out at the ship — its surface pockmarked with patches of salt-water corrosion — Mr. Li said the Minsk was a sign of the times. "It represents the decline of the former Soviet Union's navy," he said.

It also serves as an inspiration. "In the past, Mao Zedong said China didn't produce an aircraft carrier because they are offensive, aggressive," Mr. Li said. "But, for a country as big as ours, we should have our own sophisticated, large-scale aircraft carrier. Aircraft carriers embody a nation's military power."

Not everyone was as moved by the Minsk. "It's smaller than I imagined," said another visitor, Huang Dongmeng, one of Mr. Li's friends. Built in 1972, the Minsk is less than half the size of the newest, 102,000-ton American carriers. Still, Mr. Huang said it was worth his trip. "I was curious."

China has large reserves of hard currency after two decades of swift economic growth, making it a perfect buyer for weapons Russia wants to unload.

That has resulted in the sale of some serious weapons to China, including four Kilo-class submarines and two Sovremenny-class guided-missile destroyers. It also, indirectly, resulted in the Minsk's finding its way to China. In 1995, a South

Korean company bought the Minsk, with all its weapons systems and engines removed, from the Russian Pacific Fleet to turn it into scrap iron, but environmentalists blocked the planned disassembly in South Korea.

CHINA'S state-owned Guangdong Ship Dismantling Co. bought the Minsk for scrap last year and towed it home. But before it was broken apart, the Shenzhen Ming Si Ke Investment Co. Ltd., a private company backed by entrepreneurs with experience running video-game parlors, bought the ship for the equivalent of \$4.3 million to turn it into a fun zone.

While the initial response to the Minsk has been more positive than expected, the entrepreneurs have run into some problems. A portion of their outside investment has dried up, and the Varyag — the larger Ukrainian carrier arriving in Macau soon — could shave off most of the Minsk's customer base in the Portuguese colony and in Hong Kong. The Minsk project adviser, who asked to remain anonymous, said he is not worried.

"Their target group is different," the adviser argued, adding that China's 1.2 billion potential visitors are a sufficient market for two ships.

In U.S., Pontiff to Look To the Next Generation
He'll Encounter Sharp Polarization by AgeBy Gustav Niebuhr
New York Times Service

NEW ORLEANS — When Pope John Paul II arrives in the United States on Tuesday for a two-day visit to St. Louis, his first major speech in that city will be at a rally of Roman Catholic youth, a group the Pope regards as vital to the church's future.

When he first visited the United States as pontiff 20 years ago, John Paul was a relatively vigorous 59, and he kept up a grueling schedule as he swept through cities in the Northeast and Midwest. He returns as a historic figure, a prophet of the post-Communist world and one of the longest-reigning pontiffs in history, but also far frailer physically.

The church he will encounter has been quieter politically than it was on his first visit and even in the 1980s, when the American bishops produced influential pastoral letters on war and peace and the nation's economy.

Controversies among lay people these days have tended to show up mainly in local parishes, as in Rochester, New York, last September when some Catholics objected to the removal of an outspoken liberal priest as their pastor.

But quietly, under the surface, the church is undergoing important shifts that will affect its future here well into the 21st century.

Sociologists are finding that many young people are increasingly individualistic in their religious views and often divided from their elders on matters of sexuality.

That's going to be the next Catholic constituency," said Dean Hoge, a professor of sociology at the Catholic University of America, in Washington, who is embarked with other academics on a major study of young Catholic adults. The study has found evidence of sharp generational polarization on issues like premarital sex and the leadership possibilities for women in church and society.

At the same time, the church is becoming more ethnically diverse as a result of immigration from Asia and Latin America by Catholics who bring their own traditions and, in some cases, attitudes about church issues.

"We're facing the many different kinds of people in our community that can't be categorized as just liberals and conservatives," said the Reverend Thomas Reese, editor of America, a Jesuit magazine. "We have to preach the Gospel to them and figure out how to make them one church."

Since 1979, the American Catholic population has grown through natural increase and immigration by more than a quarter, to 61.6 million people. The United States is now the world's third-largest Catholic nation, behind Brazil and Mexico.

Yet at the same time, the number of its priests has declined, the result of a plunge in seminary enrollments that began 30 years ago and has not been reversed.

The changes can be readily sensed here in the Archdiocese of New Orleans, which once encompassed a territory so extensive it included St. Louis.

Shortly before Mass at Ignatius Chapel at Loyola University, a Jesuit-run school in the city's Uptown neighborhood, 10 undergraduates circle their chairs and lean in to speak avidly about what being Roman Catholic means to

them. One sophomore calls the church her "centering point," while a freshman says it is her "foundation."

But on some hot-button issues, where church teachings meet social controversies, the young Catholics disagree.

Six declare premarital sex to be always wrong, and six say homosexual activity is wrong, too, positions in keeping with church teaching.

Asked whether women should be allowed to be priests, a subject the Vatican has ruled off limits, the majority goes the other way, six raising their hands to say yes while the four others quietly look on.

New Orleans also reflects the church's new ethnic diversity. While the city has long been home to a large African American Catholic population, in recent years it has also been absorbing many immigrants from the Caribbean, Central America and Southeast Asia.

In a former marshland remade as a suburban neighborhood sits the Mary, Queen of Vietnam, parish, founded in 1983. During a mid-morning Sunday Mass, the white-walled sanctuary was packed with worshippers, its pews, built to seat 1,000, so full that ushers had to search for spots for latecomers. "It's typically this crowded," said Anh Cao, 31, a law student at Loyola.

Among younger parish members, social issues seem to elicit a generally conservative response, as when the question of whether women should be ordained is raised with members of a youth choir.

"I have never thought of that," said Kim Phan, 24, a graduate student at the University of New Orleans. "I've never imagined a woman could be a priest."

Ms. Cao said that Vietnamese Catholics strongly oppose abortion, in keeping with church teaching. Such attitudes reflect the continuity of traditional Vietnamese Catholic values, said Joseph Trung, 32, a choir director and composer. "It comes from the family, it comes from the community," he said.

But among American-born Catholics, sociologists are finding strong generational divisions on a variety of social issues.

A recent article in America magazine by Mr. Hoge illustrated the trend with graphs that showed, among other things, that fewer than half of Catholics under 30 believed homosexual activity was always or almost always wrong — in contrast with a majority of those over 30 (and about three-quarters of those over 50) who thought it wrong.

Basic Theology Hailed in Mexico

Pope John Paul II returned Sunday to traditional themes that drew clamorous applause from his Mexican audience: opposition to abortion and an appeal for more young men to join the church's dwindling priesthood. The Washington Post reported from Mexico City.

The loud endorsement illustrated the sharp divisions in social attitudes that the pontiff is attempting to bridge during his Mexican visit and his U.S. stop in St. Louis.

In a Mass before the largest audience of his tour, John Paul beseeched Mexicans to address divisions in their nation between middle- and upper-income people of European descent and Mexico's Indian peasant communities, most of which are mired in poverty.

"It's mandatory that each and every Mexican have an income to allow them to live in dignity," he said.

Watching TV, DiMaggio Sees a Report of His 'Death,' Friend Says

The Associated Press

NEW YORK — Joe DiMaggio was watching NBC television when the network reported he had died, a friend said Monday.

"He was livid," said Morris Engelberg, who was with the former New York Yankee great when the erroneous report was broadcast Sunday night. "Then I made him laugh. I said, 'Joe, we must be in heaven together.'"

NBC said a technician in the network's New York control room inadvertently sent the erroneous report during the "Dateline NBC" program.

The report came on as a "crawl," or words running at the bottom of the television screen, at about 7:30 P.M. "This is an NBC News special report. Baseball legend Joe DiMaggio has died at his Florida home. He was 84 years old and had..." The message was then cut off.

NBC ran another crawl about 20 minutes later, saying its previous report

was inaccurate. "Mr. DiMaggio remains in stable condition at his Florida home," the report said, running over a taped interview with the actress Gwyneth Paltrow.

"He just hit the wrong button," a network spokesman, Cory Shields, said of the technician.

Mr. Engelberg said he and Mr. DiMaggio had been watching a tape of the movie "Gunfight at the OK Corral" and had just switched over to NBC when the report was broadcast.

Mr. DiMaggio, who has lung cancer, was released last week from Memorial Regional Hospital in Hollywood, Florida, after spending 99 days undergoing intensive care treatment. He is too weak to undergo chemotherapy.

An NBC employee had typed the report and stored it in the network computer system earlier in the day after reading a New York Daily News report that Mr. DiMaggio was in grave con-

dition. The report quoted a source as saying Mr. DiMaggio had been released from the hospital because there was nothing else that could be done for him. Mr. Engelberg called the report "absurd."

Not only is Mr. DiMaggio not dead, his doctor said Monday, he is not in hopeless condition.

"He is progressing nicely since his discharge from Memorial Regional Hospital one week ago," Dr. Earl Barron said in a statement. "Over the weekend, his physical therapy has progressed to the point that he is walking. Reports of his condition worsening are not true."

NBC was trying to reach Mr. DiMaggio's family to apologize, the network spokesman said. Although the erroneous report was sent out live only on East Coast stations, some affiliates in the Midwest or West might also have picked up the report and run it.

An Incentive to Find Fiat in Diana Crash

The Associated Press

LONDON — Mohamed al Fayed said he would offer a £1 million (\$1.65 million) reward to help find the driver of the white Fiat involved in the Paris auto crash that killed Diana, Princess of Wales, and Mr. al Fayed's son.

Tests confirmed that the Mercedes carrying Diana and her companion, Dodi al Fayed, had a brush with a Fiat Uno before crashing in a Paris tunnel on Aug. 31, 1997. The police have questioned almost 3,000 owners of Fiat Unos and are thought to have given up hope of finding either the car or the owner.

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N. Zealand	0800411800	Luxembourg	08004332	Netherlands	08000220657
Spain	0800098337	Portugal	0800011832	Singapore	8001202501
Sweden	0800011821013	Switzerland	0800097233	UK	0800068232
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TRAVEL UPDATE

Rome Braces for Traffic Chaos

ROME (AFP) — The authorities here expect severe disruptions in traffic during a strike by public-transportation workers Tuesday. The strike is to last from 8:30 A.M. to 5:00 P.M. and from 8:00 P.M. until Wednesday morning.

Prime Minister Atal Bihari Vajpayee criticized the Indian tourism industry on Monday for inefficiency. (AFP)

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WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather.

Europe	Asia
<p>Algeria High 17/20 Low 12/15 Austria High 15/18 Low 10/13 Belgium High 14/17 Low 9/12 Canada High 13/16 Low 8/11 China High 12/15 Low 7/10 France High 16/19 Low 11/14 Germany High 15/18 Low 10/13 Greece High 14/17 Low 9/12 India High 13/16 Low 8/11 Italy High 15/18 Low 10/13 Japan High 12/15 Low 7/10 South Africa High 11/14 Low 6/9 Spain High 14/17 Low 9/12 U.S. High 13/16 Low 8/11 U.K. High 12/15 Low 7/10</p>	<p>Algeria High 17/20 Low 12/15 Australia High 15/18 Low 10/13 Canada High 14/17 Low 9/12 China High 13/16 Low 8/11 France High 16/19 Low 11/14 Germany High 15/18 Low 10/13 Greece High 14/17 Low 9/12 India High 13/16 Low 8/11 Italy High 15/18 Low 10/13 Japan High 12/15 Low 7/10 South Africa High 11/14 Low 6/9 Spain High 14/17 Low 9/12 U.S. High 13/16 Low 8/11 U.K. High 12/15 Low 7/10</p>

North America

Alaska: Partly cloudy with some snow. High 15/18 Low 10/13.
Canada: Partly cloudy with some snow. High 14/17 Low 9/12.
U.S.: Partly cloudy with some snow. High 13/16 Low 8/11.

South America

Brazil: Partly cloudy with some rain. High 12/15 Low 7/10.
Argentina: Partly cloudy with some rain. High 11/14 Low 6/9.
Chile: Partly cloudy with some rain. High 10/13 Low 5/8.

Europe

France: Partly cloudy with some rain. High 16/19 Low 11/14.
Germany: Partly cloudy with some rain. High 15/18 Low 10/13.
Italy: Partly cloudy with some rain. High 14/17 Low 9/12.
Spain: Partly cloudy with some rain. High 13/16 Low 8/11.
U.K.: Partly cloudy with some rain. High 12/15 Low 7/10.

Asia

India: Partly cloudy with some rain. High 13/16 Low 8/11.
China: Partly cloudy with some rain. High 12/15 Low 7/10.
Japan: Partly cloudy with some rain. High 11/14 Low 6/9.
South Korea: Partly cloudy with some rain. High 10/13 Low 5/8.

Africa

South Africa: Partly cloudy with some rain. High 11/14 Low 6/9.
Egypt: Partly cloudy with some rain. High 10/13 Low 5/8.
Nigeria: Partly cloudy with some rain. High 9/12 Low 4/7.

Latin America

Brazil: Partly cloudy with some rain. High 12/15 Low 7/10.
Argentina: Partly cloudy with some rain. High 11/14 Low 6/9.
Chile: Partly cloudy with some rain. High 10/13 Low 5/8.

Oceania

Australia: Partly cloudy with some rain. High 15/18 Low 10/13.
New Zealand: Partly cloudy with some rain. High 14/17 Low 9/12.

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GERMANY	DM	2.50	1.50	40%
ITALY	LIT	2.50	1.50	40%
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THE AMERICAS

All It Takes to End the Trial Is the Vote of 6 Republicans

By Adam Clymer
New York Times Service

WASHINGTON — On the surface, the Clinton impeachment trial appears to be on the verge of chaos, with Senate Republicans lacking a coherent plan, House Republicans and Kenneth Starr using desperation tactics and Senate Democrats in a state of flummoxing outrage.

But everything could still end this week, if half a dozen Republicans vote against witnesses, joining the solid ranks of Democrats who did not want them to begin with and now feel that Representative Henry Hyde of Illinois and Mr. Starr pulled a fast one with their effort to force Monica Lewinsky to audition for a role as a witness.

If that happens, and those few Republicans join Democrats in rejecting a call for witnesses, the next step will be to debate and vote on conviction.

There were hints of such a course on the Sunday morning television talk shows. Four Republican senators said they saw little or no need for witnesses and three more said

that they wanted witnesses themselves but were not sure if a majority of the Senate did.

And perhaps the most telling suggestion of all came from Senator John Kerry, Democrat of Massachusetts, who said that if the Republicans would supply enough votes to defeat a motion for

NEWS ANALYSIS witnesses, then, "I believe we could completely avoid the vote on dismissal" of the case without voting on the articles of impeachment themselves. "We would then, if necessary, have a vote on the witnesses with the assurance that we're not going to have them. And we could move on Monday or Tuesday to the final deliberation, up or down. I think Democrats would leap at that."

Senator Tom Daschle, the Democratic leader, said in an interview Sunday that there was only an "outside, outside chance" that the dismissal motion would not be offered. But he may be bargaining over that question in his continual conversations with Senator Trent Lott of Mississippi, the Republican leader.

Dropping the dismissal motion is perhaps the only gambit available to the Democrats. Republicans are not worrying about losing the vote, but about having it at all, because a party-line vote on that issue would make Senate Republicans seem as partisan as their House counterparts.

So on paper at least, there could be a quick accommodation.

The biggest difficulty may be in finding six Republican senators willing to face the wrath of the right for denying Mr. Hyde, who pleaded again Sunday morning for witnesses chosen by himself and "my managers, the 13 intrepid colleagues who have marched into the jaws of death, really, political death."

But it may also be no small matter to persuade Robert Byrd of West Virginia, the leading institutional voice in the Senate, to withhold the dismissal motion that he said Friday he would offer.

Nor is this the only possible way back from a partisan abyss. Senator Susan Collins, Republican of Maine, was posing an argument first advanced by Joseph Isenbergh

of the University of Chicago Law School. In a recent article he contended that removal from office was the only punishment for conviction of certain crimes — "treason, bribery and other high crimes and misdemeanors" — but not for others, for which removal is an optional but not a necessary result.

Senator Collins said that separate votes on the facts and the seriousness of the offenses "would give a lot of senators who are very concerned about the president's actions, who believe that he did commit obstruction of justice, for example, the opportunity to distinguish between those offenses and the question of removal."

Without some accommodation, it seems likely that the bitterness that tinged the Senate session Saturday will remain and harden party lines.

And the two parties in the Senate are beginning to show the same kind of partisan deafness to each other's thinking that characterized the House debate.

Take the most dramatic development of the weekend: Mr. Starr's successful effort to get a federal

judge who holds her hearings in secret to order Ms. Lewinsky to let the House managers size her up as a witness.

Senator John Chafee of Rhode Island, one of the calmer Senate Republicans, said Sunday, "I have trouble understanding what all the fuss is about. They want, they possibly want Monica Lewinsky as a witness. So they talk to her and ask her and sound her out on views that they have and see whether she's going to be of any help. And it seems to me that's a perfectly logical way to proceed."

For their part, Democrats said they were baffled at the Republicans' failure to see the obvious "intimidation," as Senator Robert Torricelli of New Jersey put it, in Mr. Starr's choosing to get involved and force her to testify.

After all, the House had four months to issue a subpoena and did not bother to do so.

Still, the big issue is not whether senators want to get this over. It is the question of whether a few of the Republicans will choose to buck their party's right wing.

POLITICAL NOTES

Diplomats' Task: Translating Trial to the Folks Back Home

WASHINGTON — If Americans find themselves confused about President Bill Clinton's impeachment trial, they should spare a moment for the hundreds of Washington-based foreign diplomats, increasingly hard-pressed to explain the proceedings to their home governments thousands of miles and several giant cultural divides away.

First, there are the technical questions from confused capitals. Can the president travel outside the country during the trial? (Yes.) Is the option of censure possible under the constitution? (It is not prohibited.) Can the Senate vote to dismiss the charges at any time? (Yes.)

Then questions melt into bewilderment: How can the president deliver a State of the Union speech to his jurors and accusers in the House of Representatives chamber, the very room where he was impeached only a month earlier? And how can senators — now the president's de facto jurors — show up at a White House dinner last week in honor of President Carlos Saul Menem of Argentina, a dinner held by the trial's defendant, Mr. Clinton?

Amid these complexities, the impeachment process has brought home a larger lesson to foreigners in Washington caught up in the task of explaining it to their citizens back home: It is a reminder of how unique and unusual America's democracy is, how much it differs from elected forms of government elsewhere and how vast the cultural gap can be that divides the United States even from nations Americans consider like-minded.

"We just lack the words to explain this. This is our main difficulty," summed up a French envoy. "Conveying the impact of what we in France would consider a private matter is not easy." (LAT)

Off the Floor, Pressure Is On

WASHINGTON — A Los Angeles gay activist and Democratic fund-raiser, David Mixner, has given Senator Bob Kerrey, Democrat of Nebraska, a firm message: Mr. Kerrey, whose dislike for the president is well known, may have a safe Senate seat in Nebraska, but in the unlikely event that he does not support Mr. Clinton in the impeachment battle, the senator's prospects for a presidential bid do not look real good.

"Political doors, grass roots, unions and special-interest groups have made it clear there would not be much future for someone like that in their plans," Mr. Mixner said. "This is almost kind of a civil war," he said, and senators "are under no illusions about the impact this could have on their future."

On the other side of the impeachment battle, Senator Spencer Abraham, Republican of Michigan, has angered some in the Republican camp because he has suspended his outspoken criticism of Mr. Clinton while the Senate trial is going on. (LAT)

Quote/Unquote

Representative Henry Hyde, chairman of the House Judiciary Committee, as he presses the impeachment case against President Bill Clinton despite some Senate unhappiness with his tenacity: "I know, oh, do I know what an annoyance we are in the bosom of this great body, but we are a constitutional annoyance. And I remind you of that fact." (WP)

Cash Sought To Fortify U.S. Missions

By David Johnston
New York Times Service

WASHINGTON — Scalded by criticism of security weaknesses at American embassies abroad, the administration of President Bill Clinton will seek more than \$3 billion during the next five years to fortify and rebuild its missions overseas, according to senior White House and State Department officials.

The officials, who spoke Sunday on condition of anonymity, said the request for additional money will be part of the president's annual budget proposal, to be announced on Feb. 1. It will include a plan for a high-level outside group to evaluate security priorities, future construction needs and broad issues related to how the State Department should carry out its objectives overseas.

The group will be led by Admiral William Crowe, the retired chairman of the Joint Chiefs of Staff and a former ambassador to Britain. He led two panels convened after the bombings of two American embassies in Africa last year. Earlier this month the panels recommended closing a number of "embassies around the world that are vulnerable to terrorist threats."

In an interview Sunday, one White House official described the spending plan as a multistage effort



FACE IN THE CROWD — Paula Jones, center in left photo, who accused President Bill Clinton of sexual harassment, attending a speech on tornado damage by the president in Beebe, Arkansas. She said she was just visiting in the state.

"greater than any previous construction program." But the official and others acknowledged that it fell considerably short of the spending recommendations presented to the State Department by the panels led by Admiral Crowe. The Crowe report recommended spending \$10 billion to \$12 billion in the next decade to upgrade security at scores of diplomatic posts.

Under the plan, most of the construction money would be spent from 2001 to 2005.

The proposal is in addition to \$2.8 billion sought by the administration to combat threats of chemical and biological terror and computer at-

tacks, but it is part of about \$10 billion that the administration seeks in the coming budget year to prevent terrorist attacks.

Some counterterrorism experts have cautioned that strengthening buildings cannot guarantee security no matter how much is spent.

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INTERNATIONAL

Netanyahu Wins Battle, Not War

Prime Minister Retains Party Leadership but Confronts Bigger Foe

By Lee Hockstader
Washington Post Service

JERUSALEM — Prime Minister Benjamin Netanyahu fended off one challenge to his leadership Monday, but his victory was immediately overshadowed by the emergence of another, potentially more potent adversary four months before Israel's general elections.

In Likud party primaries, the prime minister appeared to have easily dispatched his old mentor, former Defense and Foreign Minister Moshe Arens, to retain his position as the conservative party's leader and candidate for prime minister.

But the effortlessness of Mr. Netanyahu's victory belied the turmoil that has beset Likud, and Israeli politics generally, since Saturday when he fired his popular defense minister, Yitzhak Mordechai, citing his "unprincipled" flirtation with the opposition.

On Monday evening Mr. Mordechai announced he would seek his revenge against Mr. Netanyahu in what has become an extraordinarily public political grudge match between the two men. He announced his candidacy for prime minister as leader of an emerging center party that includes three well-known public figures, all of whom have had well-publicized breaks with Mr. Netanyahu.

Yehudi Ahronovitch. "At long last there comes a man who just might be able to break the tribalism between east and west, between left and right, a tribalism that is terribly destructive."

In a news conference, Mr. Mordechai outlined the party's still vague platform, which includes negotiations with Palestinians and Israel's Arab neighbors, help for immigrants, women, students and the unemployed, and continued privatization.

Nonetheless, nearly four months remain before the May 17 elections, and so far none of the declared candidates have proven themselves as agile a campaigner and television presence as Mr. Netanyahu.

Mr. Shahak, the darling of the media and a soaring star in the polls just a month ago, turned out to be a flash in the pan. Immediately after his lackluster announcement early this month that he would run for prime minister, he was pelted with vegetables in a working-class Tel Aviv market where Mr. Netanyahu is popular, and his popularity began to plummet in the polls.

On Monday Mr. Shahak and Mr. Meridor both dropped their nascent bids for the nation's top office and, with Mr. Milo, agreed to support Mr. Mordechai.

Little unites the four beyond intense dislike for Mr. Netanyahu, whom they condemn as dishonest and duplicitous.



The four leaders of the new Israeli centrist party joining hands Monday in Tel Aviv, united by a desire to oust Mr. Netanyahu. Left to right: Roni Milo, Amnon Lipkin-Shahak, Yitzhak Mordechai and Dan Meridor.

Israel in Lebanon Talks, Ousted Aide Hints

Reuters

JERUSALEM — The outgoing defense minister, Yitzhak Mordechai, hinted Monday that Israel was conducting secret talks over its military involvement in Lebanon, but he declined to disclose details.

"Some type of negotiation is being conducted," Mr. Mordechai told soldiers at the army's northern headquarters on his last day as defense chief.

"I can't elaborate on this. I hope that it

will result in some achievements."

He added, "I have no doubt that on the agenda of any future government will be the resumption of negotiations with Syria and the withdrawal of troops from Lebanon." Mr. Mordechai, who was dismissed as defense minister Saturday, added that any Israeli pullout would have to take place in a context that would "allow residents of northern Israel and those north of the border to live normal lives."

Israel has occupied a 15-kilometer-wide (nine-mile-wide) strip of southern Lebanon since 1985, saying it was necessary to hold the territory to prevent rocket attacks and cross-border raids. Islamic militants are waging a guerrilla war to oust Israeli troops, killing a few dozen Israeli soldiers every year.

Foreign Minister Ariel Sharon has argued in the cabinet for an unconditional Israeli pullout, but Mr. Mordechai and other ministers have opposed this.

Racing Millennium Bug, U.S. and NATO Worry About Russia

By Tom Buerkle
International Herald Tribune

LONDON — Of all the disaster scenarios surrounding the year 2000 computer problem, few are as chilling as the prospect of a major failure affecting the military, especially nuclear weapons systems.

The good news, according to senior officials at the Pentagon and several NATO allies, is that work is on track to repair and test critical military systems, or put contingency plans in place, before the turn of the millennium.

The risk is not accidental missile launches. George Robertson, the British defense secretary, said a year 2000 malfunction would cause weapons to fail, leaving missiles in their silos. But military officials do worry that the bug — which could render inoperable computers that identify years by only the last two digits — might affect early-warning radars or command and control systems, causing Russia or the United States to perceive a threat by mistake.

In a sign of how seriously officials are taking the risk, the United States agreed earlier this month to send a team of experts to Russia in February to share information on year 2000 preparations and discuss the possibility of jointly stationing American and Russian forces at early-warning facilities over the millennium weekend, a Pentagon spokesman said Monday. In Moscow, the Interfax news agency reported that American officials would inspect Russia's early-warning systems and other facilities.

"There's absolutely no question we'll be able to defend the country on Jan. 1,

2000," said John Hamre, the U.S. deputy secretary of defense in charge of the Pentagon's year 2000 program.

"U.S. armed forces may experience 'inconvenience and minor disruption,'" he said, but added, "We're not going to have a failure at the department here."

But some private analysts question the state of preparedness. Although they welcome signs that Western defense forces have stepped up efforts to resolve the millennium bug, they caution that much of the work is shrouded in secrecy. And even defense officials acknowledge that work has fallen behind schedule in some areas, leaving little time to resolve problems that might crop up during testing.

"I think we may run out of time to test in certain areas," said a senior official at the North Atlantic Treaty Organization.

Even more worrying is the high degree of uncertainty about the vulnerability of Russia and other non-Western military forces to the bug. Moscow has only just begun to acknowledge the problem, with Prime Minister Yevgeny Primakov acting on Friday to set up a commission of experts covering defense, nuclear power, energy and finance.

"We have a concern, but we know very little about what they are doing," a NATO official said.

Officials from the 16 NATO countries will hold their first meeting with Russian officials on the millennium at alliance headquarters in Brussels this Friday, but officials said it would be mainly a confidence-building session aimed at reassuring the Russians about NATO's own preparedness.

Given the complexity and secrecy of U.S. nuclear-weapons systems, the im-

pact of the year 2000 problem is "highly uncertain and almost entirely unpredictable," the British American Security Information Council, an independent research group, said in a recent report.

Michael Knig, the report's author, urged the United States and Russia to take their nuclear forces off alert status over the millennium weekend as a safety precaution.

But Mr. Hamre of the Pentagon said it was not necessary to de-alert nuclear forces. In a telephone interview, he said he favored a joint stationing of U.S. and Russian nuclear commanders over the weekend, either at a joint early-warning facility that Bill Clinton and Boris Yeltsin agreed last fall to establish, or under some interim arrangement if that facility is not ready in time.

Mr. Hamre also said he was "absolutely confident" in the reliability of the Pentagon's nuclear command and control systems. Technicians have reviewed the more than 25 million lines of computer code used by the strategic command in Omaha, Nebraska, and an initial test of satellite-based early-warning systems went smoothly at the end of December, he said.

"There were no system failures," he said. "Everything that we had remediated worked. It makes you feel pretty good."

All told, the Pentagon has budgeted \$2.5 billion to fix more than 2,500 mission-critical computer systems. After a report by senior commanders earlier this month, Mr. Hamre said, 80 percent of those systems had been fixed, a figure that would rise to about 95 percent by the end of March, the U.S. government's deadline for fixing all vital computer

systems. The Pentagon will begin a major series of field tests this spring.

Most of the systems that will not meet the deadline involve forces that are not deployed, Mr. Hamre said. Perhaps 15 systems will not be ready by the end of December, including a new command and control telecommunications system for the U.S. Navy, but those represent new capabilities and the Pentagon will have backup systems in place, he said.

To some observers, the latest news is suspiciously optimistic, given that the Pentagon had reported an increase in the number of systems falling behind schedule in its last official quarterly report in November.

"The DOD is always saying things are great," said one Senate staff official, referring to the Department of Defense. Others complain about the lack of independent information about Pentagon efforts. "The problem is most of these compliance estimates are self-assessments," said John Pike of the Federation of American Scientists.

But Mr. Hamre insisted that the recent improvement was real and attributed it to senior military commanders responsible for year 2000 readiness.

Among other NATO countries, Britain, Canada and the Netherlands have been the most active in campaigning for greater awareness of the millennium bug problem, while France and NATO itself were late starters, only starting repair programs last year.

In Britain, the Defense Ministry recently reported that all military aircraft were scheduled to be mission capable by the end of May, naval ships by August and army weapons by September.

"I am confident that our readiness and capabilities will remain undiminished over the millennium," Mr. Robertson said recently.

Still, the timetable leaves little room for delay, and Air Marshall John Day acknowledged that some defense systems would have to be checked on Jan. 1, 2000, which could cause delays of up to 24 hours to some operations.

Colonel Geert Bergsma of the Dutch Ministry of Defense also stressed the looming time constraint. Dutch forces have completed 40 percent of year 2000 repairs and tested half of those, but "testing takes up more time than we expected," he said.

He also gave voice to a widespread concern in NATO that France and Germany were not devoting enough attention to the problem, a contention that officials deny in Paris and Bonn. "We are a small country," Colonel Bergsma said. "We have to rely on them."

At NATO, the alliance itself has few weapons systems, since they are controlled by the member nations, but NATO needs to ensure that its communications and command systems work both internally and in conjunction with national systems. Despite the late start — the alliance has only compiled a list of priority systems this month — a senior NATO official insisted that the worst-case scenario involved only a "degraded efficiency" for a matter of hours or days, and not a security threat.

"If a computer system goes down, are you any more likely to have a soldier killed in Bosnia when you haven't had any killed so far?" the official said. "I would say not."

BRIEFLY

Civilians Oversee Tense Freetown

FREETOWN, Sierra Leone — Civilians manning checkpoints carried out strict searches on Monday in Sierra Leone's capital, tense after sporadic shooting overnight followed battles between rebels and West African troops.

The authorities gave no explanation for the gunfire.

Civilians said soldiers of the Nigerian-led Ecomog intervention force, which this month battled rebels who carried out a major offensive on the city, were on standby near the checkpoints.

In a weekend radio address, President Ahmad Tejan Kabbah asked public and private enterprises to try to open their doors on Monday. While hundreds of people were seen moving along Freetown's major thoroughfares, many workers did not turn up, reportedly because either family members had been victims of mutilation at the hands of retreating rebels or because their houses had been burnt down. (AFP)

Annual Pilgrimage To Mecca Begins

RIYADH — Coming from South Africa, the first group of foreign Muslims has arrived for the annual pilgrimage to Islam's holiest sites in Mecca, the Saudi Press Agency said Monday.

It said the group arrived Sunday, two months before the start of the annual pilgrimage known as the hajj.

Two million Muslims take part in the hajj, half of them from outside Saudi Arabia. Many pilgrims arrive several weeks before the event to find accommodations and pray at the holy sites.

This year, 28,000 fireproof tents are being erected for the pilgrims as part of efforts to avoid a repeat of a deadly blaze during the 1997 hajj that killed 118. (AFP)

For the Record

BUENOS AIRES — New telephone numbers took effect in Argentina on Monday, with a 4 placed in front of Buenos Aires numbers and additional digits in long distance codes. To call Buenos Aires from outside Argentina it is now necessary to add a 1 at the end of the old 541 code. (Reuters)

Gummen in Cape Town Kill a Political Figure

CAPE TOWN — A local head of South Africa's fledgling United Democratic Movement was shot and killed on his doorstep, the police said Monday, sparking fears of a link with the violence that shook KwaZulu-Natal Province over the weekend.

A police spokesman, Jacques Wiese, said that Vundilela Matiyase, 35, the deputy chairman of the party's Philippi branch, was shot four times in the chest and the back by two men as he opened his front door to them late Sunday.

Mr. Wiese declined to speculate on the motive for the attack.

But he did not rule out a link to the massacre of 11 African National Congress supporters in KwaZulu-Natal after the assassination there on Saturday of the party's secretary-general, Sifiso Nkomo.

"The possibility that it is politically motivated is being investigated," Mr. Wiese said, urging local people to come forward with information on the killers. However, a local radio station reported speculation in the community that Mr. Matiyase's murder was linked to a business dispute about a housing development.

IMPEACH: Senate Looking for an 'Exit Door' in Clinton Trial

Continued from Page 1

The Democrat-backed plan was announced as the Senate was moving to a key phase of the trial, hearing arguments on a Democratic motion to dismiss the trial before turning to a Republican motion to allow potential witnesses to be questioned.

As expected, Senator Robert Byrd of West Virginia moved at the beginning of the session Monday for the proceedings to be "duly dismissed."

Given an hour to argue against it, the House "managers" who are prosecuting the case maintained that a dismissal would be unprecedented in the history of impeachment cases, including those of judges.

One manager, Representative Charles Canady of Florida, said that White House lawyers sought to set the bar for removal from office so high that it would not have applied even to President Richard Nixon, who resigned in 1974 when impeachment appeared likely.

Nicole Seligman, a private attorney representing Mr. Clinton, argued for dismissal. "The moment has arrived where the best interests of the nation, the wise prescriptions of the framers and the failure of the managers' proof all point to dismissal," she said, in her first appearance before the Senate during the trial. "You have listened, you have heard: The case cannot be made. It is time to end it."

Mr. Lott said Republicans, who have a 55-to-45 majority in the Senate, had the votes to block the motion to dismiss the trial. Several Democrats have acknowledged as much, but note that by casting at least 34 votes for dismissal they will confirm that they have the clout to block Mr. Clinton's conviction.

The witness question will probably be resolved Tuesday, Mr. Lott said. He did not venture a prediction on its outcome. But another Republican senator, Gordon Smith of Oregon, told CNN, "There are a number of my colleagues who will not likely vote for witnesses."

Six Republican defectors, if they were to join the 45 Democrats, could block a motion for witnesses. The likelihood that both the Democrats' dismissal motion and the Republicans' witness motion would fail appeared to be fueling the newly energized search for an exit.

Senator Joseph Lieberman, Democrat of Connecticut, who devised the plan to shorten the trial in collaboration with a

Republican senator, Slade Gorton of Washington, said that senators wanted to avoid "a nasty partisan battle which will do no good for the country, no good for the Senate and in the end will not alter the results."

Under the plan, which Mr. Lieberman described as "a mutual withdrawal of forces," both the motion to dismiss the proceedings and the motion for witnesses would be dropped; House managers would be given time to rebut White House arguments, and, after closing arguments and deliberation, votes would come Friday.

Mr. Lott said, however, that he could not support an outright motion to dismiss before the Senate debates and votes on the impeachment articles. "To just shut it off, I think, is not the fair way to go," he said.

The White House spokesman, Joe Lockhart, said it was "unfortunate" that Republicans had rejected a proposal "that on a bipartisan basis could bring this case to a conclusion in an expedient way."

He said, however, that there were "senators working in good faith now every hour" to do so.

Mr. Clinton, who was back in the White House on Monday after viewing tornado damage in Arkansas, stands accused of perjury and obstruction of justice in seeking to conceal his relationship with Ms. Lewinsky, now 25.

Ms. Lewinsky's forced appearance in Washington, where she met with three House managers for two hours at a hotel on Sunday, injected unexpected drama into the trial, drawing furious reaction from many Democratic senators. The House team appeared to use the maneuver as a way to press senators to allow witnesses.

But with the final outcome of the trial in little doubt — almost no one believes 67 votes can be mustered to remove Mr. Clinton from office — many senators have become intent on finding a graceful way to end the proceeding.

"Let's close this thing out," said Senator Richard Shelby, Republican of Alabama, a conservative. "Let's vote on it, up or down."

The three House managers who met with Ms. Lewinsky in the presidential suite of the Mayflower Hotel emerged with an upbeat verdict, saying that she was "impressive" and "would be a very helpful witness" if called.

But one of her lawyers, Plato Cacheris, said later that while Ms. Lewinsky

had been truthful, she had "added oathing to the record" and that it was unnecessary for the Senate to call her.

Later, according to The New York Times, Ms. Lewinsky told a close friend, "I gave them nothing." The friend said Ms. Lewinsky's impression of the meeting was that while the House prosecutors were amiable, they covered old ground and left the meeting appearing disappointed.

The friend added that Ms. Lewinsky was "really upset" when she learned she would have to return to Washington from Los Angeles for the meeting, and that she was "not doing well."

The interview of Ms. Lewinsky appeared to be part of a last-ditch attempt by the House managers to halt a swell of sentiment in the Senate for ending the trial quickly.

Although Republicans hold the 10-seat majority in the Senate, enough Democrats have expressed reservations about calling witnesses as to leave the outcome of that question in doubt.

A moderate Republican, Senator Olympia Snowe of Maine, said Monday that she was leaning against allowing witnesses. "What would they offer?" she said on ABC-TV.

Without witnesses, added a liberal Democrat, Senator Christopher Dodd of Connecticut, the Senate could end the trial this week. He said there was "a growing sense" among senators that they had all the information they needed.

A key point that the prosecutors wanted to review with Ms. Lewinsky was the timing on the day that Mr. Clinton's secretary, Betty Currie, retrieved from her the gifts that Mr. Clinton had given her.

Ms. Lewinsky had testified before the grand jury that she thought Ms. Currie met her to collect the gifts around 2 P.M. Last week, White House lawyers told the Senate that a "newly discovered" phone record showed that Ms. Currie did not call Ms. Lewinsky until 3:32 P.M. — indicating, they said, that the return of gifts had been Ms. Lewinsky's idea, not something Ms. Currie was doing at Mr. Clinton's behest.

In the meeting Sunday, Ms. Lewinsky offered a slightly vaguer recollection, but one that could help the House managers. She said that Ms. Currie had called at least three times during the day, and that she could not rule out the possibility that the gift pickup occurred after the 3:32 P.M. call.

High Court Rules Against Adjusting 2000 U.S. Census

The Associated Press

WASHINGTON — The U.S. national census for 2000 cannot be adjusted using statistical methods to make up for an expected undercount of minorities, the Supreme Court ruled Monday.

The federal census law bars use of statistical sampling techniques intended to make the national population count more accurate, the justices said in a divided ruling that could have a major effect on money and votes nationwide.

Adjusting the census most likely would have helped Democrats because minorities and inner-city residents, who tend to vote Democratic, made up a large share of the estimated 4 million people missed by the 1990 count.

Republicans oppose adjusting the numbers to make up for that undercount because people who tend to vote Republican also are more likely to voluntarily respond to the census.

When the census law was amended in 1976, at no point "did a single member of Congress suggest that the amendments would so fundamentally change the manner in which the Bureau could calculate the population for purposes of apportionment," Justice Sandra Day O'Connor wrote for the court, referring to the Census Bureau.

Justice O'Connor said "it tests the limits of reason" to suggest Congress would have been silent in enacting "what would arguably be the single most significant change in the method of conducting the decennial census since its inception."

Joining Justice O'Connor's decision that adjusting the census figures is unlawful were Chief Justice William Rehnquist and Justices Antonin Scalia, Anthony Kennedy and Clarence Thomas.

Dissenting were Justices John Paul Stevens, David Souter, Ruth Bader Ginsburg and Stephen Breyer, who said the federal census law did not bar the government from adjusting the figures.

JORDAN: King Anoints His Son

Continued from Page 1

has become one of the world's longest serving rulers, is still recovering from his second bout with cancer, and so the change could bear directly on this tiny country, whose stability concerns neighbors from Israel to Iraq.

Among the biggest challenges facing Jordan are the deepening unpopularity of peace with Israel, approved by the king in 1994 against the wishes of most Jordanians, and widening concerns about the economy, which has been in a state of crisis for most of the past decade.

The king, who told his brother only Friday that he was to be replaced, signed a decree on Sunday night that named Prince Abdullah as the new crown prince, Jordanian officials said Monday.

There was no indication that the change in succession would prompt any kind of internal challenge. But many people in Jordan have begun to grumble that the king has treated his brother badly.

In reflecting on the move in telephone conversations Monday, well-connected Jordanians, speaking on condition that they not be named, hinted at the possibility of dissent by noting that Prince Abdullah's army background would at most certainly smooth any transition of power. The abruptness with which Prince Hassan was passed over has already set off a whirl of biting claims and conjecture.

Some people close to the king have spread word that the move reflected dissatisfaction with his brother's performance during the king's absence including, some of them have said, the fact that Prince Hassan's wife, Princess Sarvath, a native of Pakistan, had started refurbishing his office in anticipation of her husband's ascent to the throne.

Others, however, including some close to Prince Hassan, have pointed instead to the king's concern for posterity. They say they believe that the king's repeated illnesses had rekindled a desire to ensure that the Hashemite line of succession which dates from 1201, passes to one of his sons.

The king is expected to name Prince Hassan to a new post as his deputy, with responsibilities that could include economic and Middle Eastern affairs, his academic specialties, Jordanian officials said Monday.

EUROPE

U.S. and Russia Face Tension Over Priorities

Albright Calls Economic Plan Unrealistic

By Thomas W. Lippman
Washington Post Service

MOSCOW — Walking a thin line at a time of serious strain in U.S. relations with Russia, Secretary of State Madeleine Albright publicly pledged Monday to continue support for the struggling country.

But in private, she told Russians that their economic plans were unrealistic and that their strategic priorities were skewed.

"I want to tell you directly how much the American people want Russia to succeed in firmly establishing economic prosperity, the institutions of democracy and respect for the law and human rights," she said in a television address.

Prefacing her comments with brief remarks in Russian, Mrs. Albright assured an audience of civil liberties advocates, independent journalists and defenders of religious freedom that "we will not walk away" as long as Russia stayed on the path of democracy and tolerance.

She announced a \$10 million increase this year in U.S. aid to Russia's independent newspapers and radio stations, hit hard by the economic slump. She also said more Russians would receive fellowships to study in the United States.

Her comments and the appearance in Moscow of Agriculture Secretary Dan Glickman to complete plans for distribution of U.S. food aid may have mollified some Russians.

But they could not paper over what officials on both sides described as serious differences on economic and strategic issues.

Senior Russian officials have been making no effort to hide their irritation with Washington on several fronts: air strikes against Iraq despite Russian objections, announcement of a \$6 billion increase in U.S. funds to develop a nationwide missile defense system and resistance to Russia's efforts to gain a new infusion of cash from the International Monetary Fund.

The Russians have objected vigorously to what they see as a U.S. policy of bypassing the United Nations Security Council, the one forum where Moscow's leverage equals Washington's.

On the U.S. side, Mrs. Albright and her aides have watched in dismay as Russian politicians they favored have been driven out of the government, their successors have adopted economic policies viewed as inflationary and

counterproductive and Russia has reaffirmed its policy of selling nuclear equipment and technology to Iran.

"I do not see this as some kind of critical point in our relations," Mrs. Albright said shortly before arriving Monday morning. She said discussions between the two countries were "mostly in a problem-solving mode and not in a contentious mode."

However, according to officials describing her first day of meetings with Foreign Minister Igor Ivanov and other Russians, the talks focused on wide gaps in policies and perceptions on key issues.

She told the Russians, for example, that the budget adopted by Prime Minister Yevgeny Primakov's government was "supposed to defy gravity" and would lead to "a vicious cycle of weakened credibility" that undermines Russia's creditworthiness, one senior U.S. official said.

She said Russia's economic record was one of "high promise shattered by low performance," and that its current economic plan could lead only to the inflationary printing of more money or further failure to pay wages and pensions, deepening the economic hole.

Another senior U.S. official said the Russian budget relied on "heroic assumptions," such as an increase in tax revenue to 12 percent of the gross domestic product from 8.5 percent — a projection he said was made even more unrealistic by a plan to cut the value-added tax to 15 percent from 20 percent.

Russian officials have stoutly defended the budget, and have said their first fiscal priority is forgiveness, or at least rescheduling, of the country's huge foreign debt.

U.S. officials said Mrs. Albright held out no prospect of debt forgiveness until the Russians presented a budget deemed credible by the IMF, which has a team here this week.

Mrs. Albright arrived to find the Russians angry — and by U.S. accounts, misinformed — about the U.S. administration's decision to develop and possibly deploy a land-based system of weapons that could destroy long-range missiles fired at U.S. territory.

The Anti-Ballistic Missile Treaty of 1972 reached between the United States and the now defunct Soviet Union sharply limited the deployment of such systems. The Russians have treated the U.S. announcement as an all-out assault on the treaty.



Cooling towers of the Grafenrheinfeld nuclear power station appear to be flanking a church spire at Heidenfeld, in Bavaria. Neither the government nor utility spokesmen commented Monday after talks involving Chancellor Schroeder that were aimed at finding a compromise on the reprocessing of nuclear waste.

Bonn May Delay Nuclear Energy Bill

Reuters

BONN — A leading official of Chancellor Gerhard Schroeder's Social Democrats said Monday he thought legislation setting out the planned retreat from nuclear energy would be delayed.

"I cannot see Parliament being in a position to debate the bill this week," said Peter Struck, the party's chief whip.

There are still many unresolved issues, he said, adding that he expected the bill to be referred this week to the Justice Ministry for legal assessment that could take three weeks. The bill, being drafted by Environment Minister Juergen Trittin, was to have been

presented to Parliament on Friday.

Leading German utility companies have been upset by reports that the legislation is likely to include a ban on the reprocessing of German nuclear fuel starting in 2000, far earlier than they had envisaged.

Mr. Schroeder earlier held talks in his chancellery with executives of four utilities on a possible compromise over the waste-reprocessing issue.

Ahead of the talks, industry representatives suggested either that the ban be postponed for five years or that a small number of waste shipments be allowed each year. Neither side made any comment after the two-hour meeting.

However, in a radio interview, Mr. Trittin rejected the industry proposals outright. "That is not a serious alternative," the environment minister, a leading member of the ecologist Greens, said on Inforadio Berlin. "The government has decided that the waste must remain for the time being in the nuclear plants themselves," he said.

One of the four utilities whose executives met with Mr. Schroeder, VIAG, warned before the talks that a ban on reprocessing could lead to early closures of some of its plants because it had little room left for on-site storage of nuclear waste.

"The very existence of our plants would be endangered," Wilhelm Simon, the chairman of VIAG AG, said in an interview with the news magazine Der Spiegel. He said that unless the proposed ban was withdrawn he saw little point in taking part in negotiations with the government over the timetable for closing the 19 nuclear reactors in Germany.

But a spokesman for the energy and telecommunications group VEBA AG, which was also represented at the talks with Mr. Schroeder, said after the meeting that the negotiations, due to start on Tuesday, would go ahead as planned.

Helicopters Rescue 100 Russian Anglers

Reuters

VLADIVOSTOK, Russia — Helicopters and boats rescued more than 100 Russian anglers from an ice floe off the Pacific island of Sakhalin on Monday after it broke away from the shore, an emergency services spokesman on the island said.

He did not know of others still

missing. About 30 of the people who had been fishing were able to save themselves when the ice was washed back to shore.

Some earlier reports had put the number of those adrift at 400. Fishing through holes cut in the ice is a popular pastime in Russia, and deaths and accidents are frequent.

5 Slain Amid Drive for Kosovo Talks

Reuters

PRISTINA, Serbia — The U.S. mediator for Kosovo, Christopher Hill, visited the province Monday to start a new diplomatic push for a political solution backed by the threat of NATO intervention.

A new incident of gruesome violence added to the sense of urgency surrounding his mission. Five people, including two children, were killed with heavy weapons Sunday evening while riding on a tractor and farm wagon on a lane southwest of Pristina.

It was the worst incident since the killings of 45 ethnic Albanians in the village of Racak on Jan. 15. International monitors deployed by the Organization for Security and Cooperation in Europe said the killings in Racak had

been carried out by Serbian security forces in revenge for a rebel ambush.

Mr. Hill has been involved for months in shuttle diplomacy, trying to persuade the ethnic Albanian majority that seeks independence and Serbian authorities who deny them even autonomy to sit down and negotiate.

He said after meeting with Ibrahim Rugova, the ethnic Albanian leader, that he had briefed Mr. Rugova on a meeting in London on Friday of the six-nation Contact Group. The United States, Russia, Britain, France, Germany and Italy agreed on a new drive for a political settlement with direct international involvement, beginning with an intense round of diplomatic activity this week.

Above all, they agreed to step up pressure on both Belgrade and the eth-

nic Albanians, including the guerrillas of the Kosovo Liberation Army, to attend a peace conference. The strategy was to be put to European Union foreign ministers in Brussels on Monday. Russia and the United States are to hold high-level talks on the crisis later in the week.

All parties at the London talks agreed that a settlement was needed quickly to ensure that fighting did not flare up in Kosovo upon the arrival of spring.

William Walker, the head of the 900-member monitoring mission on Kosovo, visited the headquarters of the Organization for Security and Cooperation in Europe in Vienna on Monday. Mr. Walker said he would not be restricted by an expulsion order issued and then frozen by the Yugoslav government after he accused Serbian police of committing the massacre in Racak.

He said he was "very confident that when the last word" was written about the killings of the 45 ethnic Albanians it would be described by unbiased observers "at least as a massacre."

Yugoslav authorities have asserted that the 45 ethnic Albanians were combatants whose bodies had been moved by guerrillas to create the appearance of a massacre of civilians. Mr. Walker said he expected to be able to return to Yugoslavia without any difficulty.

Mr. Hill has suggested that Kosovo Albanians be allowed to develop an internal administration, courts and a police force, and to hold free elections while deferring for three years the question of Kosovo's final status. The ethnic Albanians have rejected this proposal.

Asked whether there were any immediate prospects of direct talks between the Kosovo parties or more shuttle diplomacy, Mr. Hill said there was a new urgency. "We are heading to a situation where we have to come up with some very good ideas, strong ideas, and see some rapid implementation," he said.

EC Rejects New Sanctions

The European Union decided on Monday against tightening sanctions on Yugoslavia over its handling of the Kosovo conflict and warned ethnic Albanian rebels in the province to join the search for peace, Agence France-Presse reported from Brussels.

France, Germany, Greece and Italy rejected proposals to strengthen the EU's sanctions against Belgrade by banning visas for ministers of both the Yugoslav and Serbian governments, diplomats said.

At a time when the international community is trying to increase pressure on both the Belgrade authorities and the rebels to seek a negotiated settlement, the move would serve little practical purpose, the four countries contended.

Foreign Minister Abel Matutes of Spain said the ethnic Albanians in Kosovo had to accept that the European Union would not back their demands for independence. "The EU must make it clear that we do not see good guys and bad guys in this conflict," he said.

BRIEFLY

More Immigrants Detained in Italy

ROME — Italian policemen detained at least 88 clandestine immigrants from Albania and Kosovo on Monday who had reached Italy's southern shores during the night, and they also seized a vessel as Rome tries to crack down on smugglers.

Three Albanians were arrested in Bari, across Albania on the Adriatic Sea, for smuggling illegal immigrants. An Austrian man was arrested in Brindisi as he was driving the immigrants out of the port of that southern city.

Most of the immigrants, who claim they are fleeing war or violence at home, are kept in refugee camps, pending a final decision on their status. (AP)

Pinochet Case Is Back in Court

LONDON — Lawyers returned to Britain's highest court on Monday to argue over Augusto Pinochet's immunity against his threatened extradition to Spain.

The human-rights group Amnesty International was expected to continue its argument before a House of Lords panel that the Spanish request was the only realistic opportunity to bring the former Chilean dictator to justice. Lawyers for General Pinochet, 83, were then expected to take up the case for the defense, either later Monday or Tuesday. (AFP)

Azerbaijan Wants Foreign Troops

BAKU, Azerbaijan — Baku wants NATO or U.S. troops stationed in Azerbaijan to guarantee the former Soviet republic's security, President Heydar Aliyev's top foreign-policy aide said Monday.

"In order to guarantee Azerbaijan's security, the U.S., NATO or Turkey should establish bases here," said Vafa Gulizade, state adviser on foreign policy and Mr. Aliyev's top foreign-policy official.

"I don't trust Russia," he said. "It is simply waiting in order to deal a knock-out blow and put its own person at the head of the Azerbaijani government." (AFP)

Paris Grim on Peace Outlook

100,000 NATO Troops Needed, French Officials Say

By Craig R. Whitney
New York Times Service

PARIS — French military officials say that if diplomacy and the threat of air strikes fail to end the warfare in the Serbian province of Kosovo, 100,000 European and U.S. troops would be needed to impose peace between ethnic Albanian separatists and Yugoslav forces, according to officials in Paris.

France is eager to avoid being dragged into a war in Kosovo but it has lined up behind the threat of U.S.-led NATO bombing to compel Yugoslavia to make good on promises to withdraw military and police units from the province and to negotiate with the rebels.

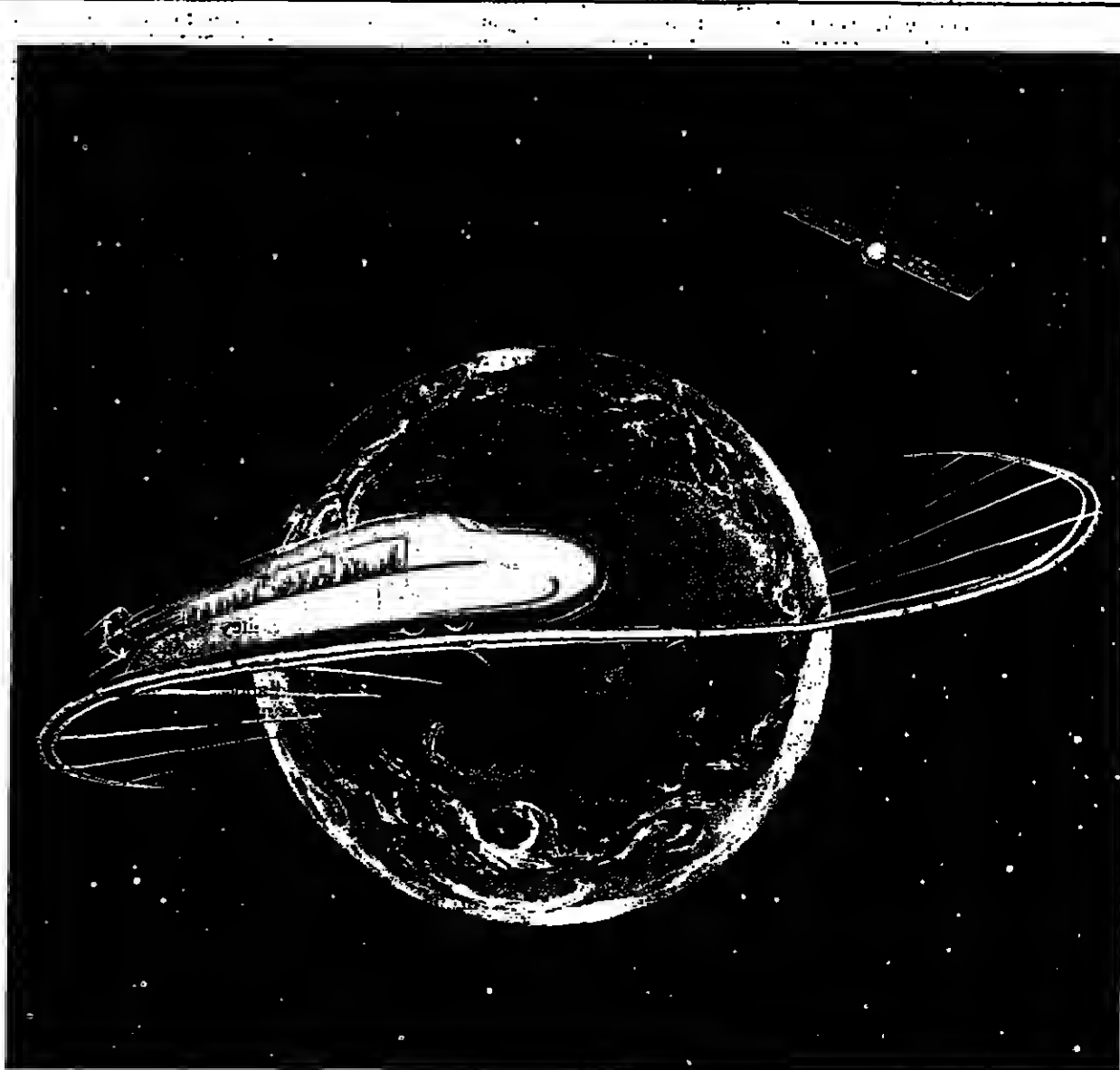
A French military spokesman said the aircraft carrier Foch would sail Monday from Toulon for the Adriatic with 14 fighter-bombers, four reconnaissance planes and helicopters to be ready to strike next week against Yugoslav targets, if NATO decides to turn to force.

Defense Minister Alain Richard has said France would have about 40 fighter planes in Italy by the end of the week, ready to fly NATO-ordered missions if President Slobodan Milosevic continued to defy pressure to stop attacks against Albanian civilians.

Pressure and outrage have been mounting since the discovery of the bodies of 45 ethnic Albanians at the village of Racak, apparently the victims of a Serbian massacre.

Defense Minister Richard vowed: "We will share our part of the responsibility at the heart of Europe and the alliance."

France's apparent willingness to go ahead with air strikes without an explicit new mandate for it from the UN Security Council, where Russia is opposed and could veto air strikes, contrasts with the French refusal to join Britain and the United States in air attacks on Iraq last



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India Vows to Punish Christians' Murderers

NEW DELHI — The Indian government was widely criticized Monday following the murder of a Christian missionary from Australia and his two sons, and Prime Minister Atal Bihari Vajpayee said there should be no mercy for the mob of Hindu extremists responsible for the deaths.

Foreign Minister Jaswant Singh vowed to punish those responsible. "I think we must first be very clear in our minds that what has happened recently in Orissa is a heinous crime," Mr. Singh told Asia News International.

Amcar Sues Mahathir For Defamation Over Sexual Allegations

KUALA LUMPUR — Former Finance Minister Anwar Ibrahim sued Prime Minister Mahathir bin Mohamad for slander Monday, seeking \$26 million in damages.

Mr. Anwar's lawyers filed a writ of summons at the capital's High Court accusing Mr. Mahathir of slandering him during a news conference last Sept. 22.

Mr. Mahathir dismissed Mr. Anwar as deputy prime minister and finance minister Sept. 2, and 18 days later the former cabinet minister was arrested. He has pleaded not guilty to five charges each of sodomy and corruption and said he is the victim of a political conspiracy.

At the news conference Sept. 22, Mr. Mahathir detailed for the world media what he said were sexual acts that had led him to dismiss his former deputy.

Karpal Singh, a lawyer in the firm representing Mr. Anwar, said the ousted minister had decided to initiate defamation proceedings against Mr. Mahathir to clear his name.

The judge in Mr. Anwar's High Court trial recently expunged all evidence relating to alleged sexual misconduct that prosecution witnesses presented in the first two and a half months of the trial. Because of that ruling, the defense cannot use witnesses to rebut the accusations.

"Justice demands that Datuk Seri Anwar not be cribbed, cabled and confined in his endeavor to clear his name," Mr. Karpal said.

Mr. Anwar's criminal trial, which was adjourned Jan. 14 for the Muslim holiday Eid al-Fitr, was scheduled to resume Tuesday.

"It's a crime not against any one faith on another, it is a crime against humanity."

The police blamed members of a Hindu extremist group, Bajrang Dal, for killing Graham Staines, 58, and his two boys on Saturday in the eastern state of Orissa after setting on fire the jeep in which they slept. The group has denied involvement.

The police have arrested 49 Hindu radicals suspected of having taken part in the murders.

"The nation's conscience has been shocked by this," Mr. Singh said. He added that the government was bound "to ensure that the law of the land comes down with its full might upon" the perpetrators.

The missionary's wife, Gladys Staines, and her 13-year-old daughter led about 1,000 mourners at a prayer service in Orissa, where Mr. Staines had worked with Indian lepers for 34 years.

The Australian foreign minister, Alexander Downer, said Australia had voiced its concern to the government over the attack on Mr. Staines and his sons, Philip, 10, and Timothy, 8.

"Mr. Staines devoted his life to serving others," Mr. Downer said, "and it is unconscionable that he and his sons should have been killed in this horrible way."

The government expects that those responsible for the deaths of Mr. Staines and his sons will be brought to justice



Gladys Staines, right, with her daughter, Esther, attending the funeral on Monday in Baripada, India, of her husband and sons. They were burned alive while they slept in their jeep during an attack by Hindu radicals.

promptly in accordance with India's constitutional and judicial processes."

John Dayal, co-chairman of the United Christian Forum for Human Rights, said Christian associations had written to 17 partners of the governing coalition, urging them to withdraw support.

The chief of a powerful regional partner, Jayalalitha Jayaram, called for "ruthless action against these new terrorists."

"I call on you for action to expose and

punish the small group of terrorists who are seeking to destroy the very essence of India," Miss Jayaram, leader of the All-India Anna Dravida Munnetra Kazhagam party said in a statement.

President K.R. Narayanan, responding to the wave of attacks on Christians, said Monday that the country's unity was based on an age-old tradition of tolerance and finding goodness in every religion.

In his customary address to the nation

on the eve of Republic Day, the president quoted India's independence leaders to remind people of the need for different religions to work side by side.

A spate of attacks on Christians in recent weeks has brought dismay and controversy at home and abroad. The police on Monday reported a new attack, saying radical Hindus attacked five Christian missionaries at a Hindu pilgrimage site in the northern state of Uttar Pradesh. (Reuters, AP)

BRIEFLY

Abuses Are Alleged In Sri Lanka Voting

KURUNEGALA, Sri Lanka — Election officers, monitors and opposition parties complained of attacks on polling stations, vote-rigging and intimidation in a key provincial election in Sri Lanka on Monday.

Independent monitors and the main opposition United National Party blamed the ruling coalition for the violence.

Large crowds had attacked polling booths in several areas of the Northwestern Province and chased away people waiting to vote, observers said.

"A large crowd came and took away the ballot books," said R. M. S. B. Ramayake, a polling official, in Mahawagama, near Kurunegala. "They chased the voters away, crossed the votes and stuffed the ballot boxes." (Reuters)

Indonesia Rioters Kill at Least 53

AMBON, Indonesia — Thousands of troops and police patrolled the streets of Ambon Island Monday after a soldier was murdered by rioters who refused to hand over their weapons. Days of rioting among rival Christians and Muslims left at least 53 people dead, the police said.

However, Balileo, a nongovernmental organization in Ambon, said that accounts from witnesses indicated that the death toll could be more than double that. (AP)

Ship Piracy Grows

HONG KONG — Ship hijackings in Asian waters have become more frequent and more violent, and entire crews may have been killed in some cases, industry officials and sources said on Monday.

Appealing to governments in the region to give priority to the problem, they said violence at sea would spin out of control unless action was taken.

"We have seen a lot of ships in this region, in the South China Sea and Indonesia, hijacked lately," said Noel Choong, regional manager at the International Maritime Bureau's piracy reporting center in Kuala Lumpur. "And this time, we find whole ships are missing with the entire crew," he said. (Reuters)

North Korean Defectors to Sue South's Spy Agency

SEOUL — Five North Korean defectors plan to sue Seoul's intelligence agency for allegedly torturing and mistreating them, they said Monday.

"We will file a lawsuit when we get medical and other documents to prove that we were abused," said Han Chang Kwon, a North Korean defector representing the group.

It would be the first legal action to be taken by North Korean defectors against Seoul's intelligence officials. Other defectors are expected to follow suit, they said.

About a dozen defectors from North Korea said at a press conference this month that officials of the National Intelligence Service tortured them during questioning after they arrived in South Korea.

When investigators believed that defectors were not cooperating, agents beat them, deprived them of sleep and stripped them naked, the defectors said.

The South Korean agency, the National Intelligence Service, rejected the defectors' allegations as "totally untrue." It said they were making false accusations to get more government subsidies.

Because of law changes, Mr. Han and others who defected to South Korea between December 1993 and December 1998 received far less settlement money than those who arrived before or after them, it said.

About 10 defectors, including Mr. Han, are waging a campaign to get the government to apply the most recently revised law and to dole out more subsidies, the intelligence service said.

Mr. Han denied the agency's claim. About 260 North Koreans have de-

fected to South Korea in the past four years.

When defectors arrive in Seoul, they are subject to intensive questioning by intelligence officials about their background and their choice to defect.

Most defectors are questioned for about a week in an effort by the intelligence agency to weed out possible spies. Then they are required to receive at least five months of orientation and training in what the government says is a program designed to help them adjust to South Korean society.

The Koreans, divided in 1945, never signed a formal peace treaty after the Korean War ended in 1953.

Japan Seeks Arms Inspections

Prime Minister Keizo Obuchi of Japan called on North Korea on Monday to allow inspection of a suspected out-

let facility and expressed regret at a lack of progress in U.S.-North Korean talks held over the weekend, Reuters reported from Tokyo.

U.S. and North Korean negotiators met in Geneva to discuss a construction site in North Korea. Washington seeks to verify that the site is not part of a nuclear weapons program.

Mr. Obuchi said he hoped for North Korea's "fullest efforts to gain the understanding of international public opinion."

The North Korean situation is of vital interest to Japan, which was shocked by North Korea's launching of what Japan has described as a ballistic missile over its territory in August.

As the Japanese government is not in a position to negotiate directly, Mr. Obuchi said, it hoped to see progress in the U.S.-North Korea talks.

Japan has already rejected several of the ministry's plans because they do not encourage competition sufficiently.

Still, taking on China Telecom is an enormous task even for Mr. Zhu. Its monopoly is protected by Wu Jichuan, the powerful chief of the Ministry of Information Industry, which regulates telecommunications. Mr. Wu is China Telecom's former head.

Some influential Chinese officials think Mr. Wu makes a strong argument in favor of a continued monopoly. In the past several years, China Telecom has presided over the largest growth in the number of "fixed main" telephone lines anywhere in the world: an average of 39.5 percent a year.

China Telecom has also pushed for more Internet access, which stands at 12 million accounts today and which analysts expect to reach 5 million to 7 million by 2000.

Increasingly, however, customer complaints are buffeting the fortress of China Telecom. Price is one issue. A one-minute phone call to the United States on China Telecom costs \$2.25, more than twice the cost of a call from the United States to China. The China brothers' calls to America using the Internet cost less than 50 cents a minute.

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CHINA: State Firm Fights Hard to Keep Its Telecom Monopoly

Continued from Page 1

brought in \$21 billion in revenue last year. It has fought fiercely, and sometimes violently, to maintain its monopoly, sending teams to yank out the lines of potential competitors, beating up representatives of competing bureaus and rousting people like the Chens.

Allied with China Telecom are hard-core members of the Communist leadership who think that one company can better limit the flow of information into China than many.

Facing off against China Telecom is a hedgepodge of bureaus, ministries, scholars and entrepreneurs who for various reasons call for the market to be opened.

There is China Unicom, a struggling phone company established in 1994, during China's first flirtation with competition, and which today has less than 2 percent of the market nationwide.

There is also the State Administration of Radio, Film and Television, the dark horse in this fight. One of its senior engineers, Fang Hongyi, is masterminding the creation of a nationwide cable network. China already has 50 million cable subscribers and 1,300 licensed cable operators. Wide-band cable is the next frontier for Internet, voice and video technology around the world and could become a formidable competitor for China Telecom if it is allowed to stay out of China Telecom's grasp.

"Our information industry is feudal," said Mr. Fang, 44, an electrical engineer. "It is controlled by a small gang of people who are holding the whole country back."

Mr. Fang recently proposed that special telecommunications zones be established with open competition and uncensored Internet access, much like the special economic zones of the 1980s that allowed China to experiment with capitalist ideas.

Some players favor competition in the telecommunications sector purely for profit's sake. For example, the army has helped Mr. Fang build the cable network, in addition to operating paging companies and owning 50 percent of a mobile telephone service.

While the army is under order to withdraw from most businesses, the government allows it to continue its telecommunications enterprises because it says it needs to stay abreast of technological changes.

Others think China's future lies in the free flow of information, and they adopt a philosophical stance. Some, such as the Ministry of Railways, which has let the cable network use its land to link provinces into a national web, simply do not want to see China Telecom become too powerful. Still others argue that real competition is the only way that China has any hope of moving from the Third World to the First.

As with most battles in China, the sidelines are packed with foreigners; in this case, Western telecommunications companies itching for a chance to enter China's market. Significantly, no matter who wins the battle, foreign compa-

nies are not likely to benefit much. Last year, China announced tighter regulations to ensure that foreign telecommunications companies, such as Sprint Corp. and Northern Telecom Inc., stop investing in phone systems in China. About 40 foreign-based companies had already dodged the ban and invested \$1.4 billion with China Unicom. Now they could lose it all.

Other new rules will require China's telecommunications operators, no matter who they are, to buy domestic products, closing the door tighter on Western equipment firms such as Lucent Technologies Inc. and Qualcomm Corp.

These tough regulations have emerged despite warnings from Washington that if China further shuts its telecommunications sector to Western participation, the United States will out back China's entry into the World Trade Organization.

The pressure on China Telecom has been enormous, and it has had an effect. China's Ministry of Information Industry has submitted a plan to break up China Telecom into four independent companies, according to reports in the state-run press. China Telecom would maintain its monopoly on fixed-line services, while the other firms would focus on mobile phones, pager services and satellite transmission.

The Straits letter's forecast of an early devaluation is an extreme position in the debate. Most analysts in Hong Kong have forecast a stable yuan through at least the middle of this year. SG Securities is forecasting a 20.5 percent devaluation early next year but only a wider trading band for the yuan later this year.

But some analysts say that even without an official devaluation, China is paving the way by achieving the same effect through internal policy: giving bigger tax and duty rebates to exporters and making imports cheaper by cracking down on smuggling.

"They're already devaluing by reimbursing export taxes," said David McClain, a finance professor at the University of Hawaii who writes the weekly "Economic Perspective" column for America's United & Babson Investment Report. In a recent interview he said: "If the Chinese were to change the currency's value formally, that's an

overhang that would be good. I'd sort of welcome that."

The official Xinhua news agency said Monday that rebates on some electronics exports were increased to 17 percent at the start of the year. It did not specify the previous rebate level.

It also said rebates on exports of textile fiber, rolled steel and cement had been raised to 13 percent and those of raw chemicals, plastics, and toys had been raised to 11 percent.

As important as such measures may be, some see the decision on whether to devalue as revolving around much more than export competitiveness. "It's a question of whether they can keep the economy moving or not," said Geoffrey Barker, chief economist at Dresdner Kleinwort Benson in Hong Kong.

Beset by increasing reports of social unrest, partly caused by layoffs at unprofitable state-owned industries and frustration over official corruption, China is trying to kick its economy forward by investing in infrastructure projects.

Exports last year did not grow at all, but fixed-asset investment by state companies rose 22 percent. If such massive spending fails to work, then China could conclude that devaluation is the best way forward, Mr. Barker said.

Others have pointed to another probable concern of the leadership in Beijing: an erosion of foreign exchange because of declining exports, or capital flight. Last year, despite a big current-account surplus and more than \$40 billion in foreign direct investment, China's foreign currency reserves hardly budged.

Mr. Zhu has already rejected several of the ministry's plans because they do not encourage competition sufficiently.

Still, taking on China Telecom is an enormous task even for Mr. Zhu. Its monopoly is protected by Wu Jichuan, the powerful chief of the Ministry of Information Industry, which regulates telecommunications. Mr. Wu is China Telecom's former head.

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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Kurdish Question

Two vistas loomed when Abdullah Ocalan, the Kurdish separatist leader, was caught in Rome on Nov. 12. One was that in his undeniable role as a terrorist responsible for the loss of thousands of Turkish lives, he would be tried or somehow held accountable. The other was that in his equally undeniable role as a Kurdish nationalist, he would be drawn into a broad negotiation on a Kurdish population that is spread among Iraq, Iran and Syria as well as Turkey. But neither Italy nor the other likely country, Germany, would organize a trial, and Turkey's NATO allies made no real effort to organize a negotiation. A relieved Italian government saw him off recently to a hideout that, one guesses, will not stay secret for long.

Over the years, the Turks have been unable to convince others of their definition of the Kurdish cause as strictly terrorist. Many others regard Mr. Ocalan as a likely Yasser Arafat or Gerry Adams — the single potential interlocutor. Europeans have some interests seemed reader to welcome Kurds than Turks to a table. There was a moment early in Mr. Ocalan's Rome tenure when the issue might have been moved from the level of visas and extradition to the level of a large permanent settlement or at least a large permanent conference. But the moment passed.

The result is another sharp blow to the concept of a new Europe — a further demonstration that the Continent is still a captive of some of its more fractious minorities, especially those in its southeastern quarter.

A second result of Europe's inability to integrate its approach to the Kurds is to leave the field open for further armed struggle. Mr. Ocalan is not wrong to detect a "lack of courage" in the European Union. But it is early and unacceptable to conclude with him that there are now "no alternatives but to take up the war again." Turkey has an opening to show that there is a political alternative. This is how the new nationalist Turkish prime minister, Bülent Ecevit, should be judged.

—THE WASHINGTON POST.

Tomorrow's Terrors

Biological and chemical terrorism and disabling attacks on computer networks are not just the stuff of novels and films. Nervous gas already has been released in the Tokyo subway. Hackers and virus programs have struck supposedly secure computer systems. President Bill Clinton is right to plan a coordinated federal response to what could become a major problem.

For the most part, the \$2.8 billion program unveiled on Friday to detect, prevent or limit the damage from such terrorist attacks is on the mark. The money would finance research into new vaccines, the stockpiling of antibiotics and other medications likely to be needed in response to terrorist attacks; federal training of state and city medical response teams, and research and training in new computer security methods. A strong federal role is needed in all these areas, and the spending levels are about right for current needs.

The administration promises to protect constitutional liberties and individual civil rights as it assumes a larger role in terrorist surveillance. Still, two areas bear watching. There have been discussions in the Pentagon, but no decision, about creating a new domestic military command to combat terrorism. That would erode the long-established legal principle that America's armed forces should not be involved in domestic law enforcement.

There is also potential danger in federal monitoring of civilian computer networks for intrusion by hackers. Such monitoring could lead to improper government surveillance of private correspondence on the Internet and elsewhere. The right role for Washington here is financing research and providing technical advice to the private sector about computer security techniques and software.

The rest of the Clinton program warrants rapid congressional approval and funding. Lethal germs and deadly nerve gases are now easily prepared in bathroom laboratories, and computer hacking skills are common among high school students. Protecting the public from biological, chemical and computer attack should not get bogged down in Washington's partisan warfare.

—THE NEW YORK TIMES.

Back on the Track

President Bill Clinton was right to put trade back on the agenda. Last year Congress denied him expedited trade negotiating authority, making him the first president so handicapped since Gerald Ford. Now he says he will try once more for "fast-track" authority. It is important that he get it.

The U.S. economy has weathered the global financial storms of the past 18 months far better than most experts predicted. But the turbulence has served as a reminder of how connected the U.S. economy is to the economies of other nations. The trade deficit is up, exports to Asia are down, some farm and manufacturing sectors are hurting. Protectionist pressures are rising, notably in the steel industry, but others surely will follow.

As a general principle, increased trade contributes to increased prosperity. As another general principle, the United States tends to benefit more than most, because its barriers to imports already are low or nonexistent. Other countries remain far more closed, so any agreement mandating lower tariffs tends to help American firms and workers.

But trade policies are never easy, because increased trade always hurts certain constituencies, with a pain much sharper than the often diffuse benefit enjoyed by society at large. Late in the politics of trade have become particularly inflamed. With increasing international connections, the downsides are more visible than ever — the jobs shifted overseas, the rising inequality to which trade likely contributes, the sense that nations are losing the ability to set their own rules and control their own fates.

Such concerns must be taken seriously, as Mr. Clinton said in his State of the Union message. Labor and environmental standards must be considered within the context of trade liberalization. Trade policy-making has to be more open and accountable. At the same time, there has to be a recognition that liberalization will benefit the majority if it is done right.

The distress in U.S. farm country and the consequent desire for more export markets may give a political impetus to finding the "common ground" of which Mr. Clinton spoke. But it is far from a sure thing. The closer we come to the 2000 elections, the less likely a trade bill becomes. Last time around, Mr. Clinton did not commit himself to the effort until too late. Whether he is sufficiently committed now, and whether he can influence enough votes if he survives the impeachment trial, in this area as in so many others remain unanswered questions.

—THE WASHINGTON POST.

Other Comment

Storm Clouds From Brazil

Certainly markets are calmer than they were in October. Wall Street has surged back. Investors are no longer eschewing all risk in debt markets; even emerging economies are gradually regaining access to world capital markets. But the stability is still fragile. America's economy is relying ever more heavily on a stock-market-fueled consumption boom. Asia's navels are far from over; China looks increasingly ropy. In Latin America, the uncertainties that Brazil has created could push several countries into recession, perhaps into financial crisis. Plainly, the ingredients for global meltdown remain.

Whether it can be avoided will depend primarily on whether markets still believe in international policy-makers, especially the IMF and America's Treasury. Yet it is hard to see how investors can have much faith in the Superfund, at least, Brazil seems to be just one more in a string of IMF debacles. As in Russia, attempts to shore up an exchange rate peg with high interest rates and promises of financial support have failed.

—The Economist (London).

Empower the European Parliament for Democracy

By Roy Denman

BRUSSELS — This month the European Parliament tried to censure and dismiss the European Commission. It failed, but the Commission was badly bruised. Jacques Santer, its president, lost his reputation. After 50 years of unification, democracy may be coming Europe's way.

The clash started last year when the Commission's anti-fraud unit opened an inquiry into four contracts issued by the Commission's humanitarian aid office. Other allegations of fraud followed. Then, on Dec. 9, an official of the Commission's auditing arm gave some members of the European Parliament, without authorization from his superiors, a detailed dossier alleging a whole series of financial irregularities. The Commission immediately suspended him on half-pay.

This month the Parliament, long thought to be little more than a well-fed talking shop, slammed down a censure motion. The charges were mismanagement, cronyism and fraud; specific charges were made against certain commissioners. The mainly foreign-owned British press crowed delightedly that the Brussels they hate so much had been shown up as a cesspit.

The truth is a good deal less garish. To begin with, European Parliament members are not all knights in shining armor. Last year they hushed up widespread charges that many of their travel expense claims were fraudulent. With new elections coming up in June, it is understandable that members should wish to divert attention from these matters.

The charges against the Commission are not as grave as the headlines make out. The total EU budget is some \$90 billion, not much more than half of British expenditure on social security. Of the latter, probably more goes missing than from the EU budget, and this under an EU system in which 90 percent of financial supervision has necessarily to be left to member states.

But if the Commission has not done as badly as some headlines have made out, it could have done a lot better. In recent years two things have gone wrong. They both predate the presidency of Jacques Santer, who took office at the beginning of 1995.

When the Commission was instructed by member states to disburse

massive aid to Eastern Europe, it should have insisted on sufficient staff of adequate quality and experience. Contrary to popular legend, the Commission is very tightly staffed.

In the late 1970s, Edouard Davignon, then commissioner for industry, secured the agreement of member states to a restructuring of the European steel industry. He asked for 40 additional staff; without them, he said, there would be no steel program. He got his staff.

And then there is cronyism. From the mid-'80s on, the running of the Commission was increasingly taken over by cronies of the commissioners. The result was that morale among the professional staff hit rock bottom.

Now the Parliament has achieved something. An inquiry to be completed in March could prove crucial in establishing facts on fraud and cronyism. One reason it failed to get more is that its weapons are inadequate. Getting a two-thirds majority vote is difficult. The sanction of sacking the entire college of commissioners is extreme.

Having tasted blood, the Parliament should go on to demand the power to:

- Elect the Commission's president.
- Confirm or reject individually, af-

ter the fashion of the U.S. Senate, the nominees for commissioners.

• Dismiss any single commissioner with a simple majority vote. For all their blather about bringing Europe to the people, the member states want no such thing. At present they have the power to send a village idiot as a commissioner to Brussels, knowing that he or she will be virtually impossible to sack. They do not want to lose this patronage. Nor do they want the role of governments in the running of Europe to be steadily diminished.

But democracy is about the executive being forced to account directly to the elected representatives of the people. The Parliament has made a start. Let it continue.

If the review to be concluded in March shows financial scandals and cronyism, Parliament should demand the resignation of the commissioners responsible. Above all let it raise hell until it gets the powers it needs to make the European Union a democracy.

The writer, a former representative of the European Commission in Washington, contributed this comment to the International Herald Tribune.

Next, Get the EU Commission Back to Doing Its Big-Idea Business

By Giles Merritt

BRUSSELS — The public was treated this month to the spectacle of the European Union's executive Commission running scared. When the 626-member European Parliament met in Strasbourg, it seemed to have caught a dose of Washington's impeachment fever, for it came close to dismissing the EU's 20 commissioners.

The vote failed to sack the Commission, by a narrow margin. But the skirmish has serious implications for the EU's future. We may see a strengthening of the Commission's original role as strategic thinker and champion of European unity. Otherwise, more trouble waits ahead.

A first lesson is that the European press and broadcast media — and, so far as one can judge, public opinion — enjoyed the humiliation of the Brussels-based Commission. Shortcomings in information and communication have given the Commission an image of arrogance and facelessness that may yet cost it dear.

A second is that its credibility as an effective administration has been badly dented.

The issues raised in Strasbourg were alleged mismanagement of contracts and inability to prevent frauds or stamp out corruption.

The charges are in fact a bit thin. Criminal acts like embezzlement, phony contracts and rigged bids occur inside the Commission with much the same infrequency as in any organization handling large amounts of money. It is when EU funds are administered by its member governments that the serious money goes astray.

That is almost beside the point. The point is that public opinion in Europe apparently wanted to believe the worst.

The Parliament's stand against the Commission was originally to do with its handling of the 1996 EU budget. From there it was only a short political step to the much more highly charged issues of financial mismanagement, cronyism and corruption.

A third implication for the EU's future is that the Parliament, thanks to the political mileage it has gained, is now

set to win not only new powers but, perhaps as important, the respect and attention of Europe's voters. Public approval of the way the parliamentarians handled some individual members of the Commission and its president was evident across Europe.

The most significant lesson of all, though, is that the Commission's present role and direction should be radically rethought. The imbroglio with Strasbourg showed that Brussels has taken on far too many administrative chores, and is not suited to performing them. If it wants to regain respect, the Commission should itself propose hiving off some of these to more specialized agencies.

The Commission has much to be proud of. During 40 years it has pushed Europe toward closer economic integration. But it has also been an empire builder, grabbing new powers and functions where it could.

One result is that its few thousand officials today struggle to run administrative nightmares that include emer-

gency humanitarian aid, economic and technical assistance to the ex-Communist countries and development aid to the Third World, while at the same time grappling with innumerable projects funded by the regional, social, research and agricultural budgets.

The events of recent weeks have in effect written the job description of the Commission's next president, who is due to be chosen by midyear and will have six months to handpick his or her team of 19 commissioners before taking over on Jan. 1, 2000.

Whether the next president is former Italian Prime Minister Romano Prodi, NATO Secretary-General Javier Solana from Spain or Austria's former Chancellor Franz Vranitzky, overhauling the Commission's structure, tasks, accountability and public face will be among the major challenges.

The task goes far beyond regaining public confidence in the Brussels bureaucracy. A rebalancing of the whole decision-making process is already high on the EU's political agenda.

The recent introduction of the euro, which in three years' time will be the only currency for at least 11 of the 15 EU countries, is giving rise to calls for a stronger Europe-wide political framework to give democratic legitimacy to the euro's management. At the same time, the possibility that within 10 years there could be 25 EU member states has focused attention on the political bottlenecks that bedevil European decision-making.

The way in which all these issues are addressed will depend largely on the Commission, because it is the major player when it comes to shaping proposals to member governments. Its prestige and popularity, and public perceptions of its competence and efficiency, are therefore crucial.

The incoming president has to be a new broom to sweep its corridors. He could start with a debate on what the Commission's role should be, and whether managing myriads of small contracts is the proper function of what is primarily a policy-proposing body.

International Herald Tribune.

Democratic India Has a Big Majority to Accommodate

By Sumanda K. Datta-Ray

SINGAPORE — Not every politician can play a king. By inviting King Birendra of Nepal to take the salute as chief guest at the impressive parade and military march-past with which Indians celebrate the founding of their republic every Jan. 26, India's embattled Prime Minister Atal Behari Vajpayee is coming close.

He wants to refurbish the Hindu credentials of the governing Bharatiya Janata Party, while also upstaging hard-liners among the party faithful who would probably prefer a less moderate man at India's helm.

King Birendra is head of state in the only country in the world that is officially Hindu. He is revered as an incarnation of the god Vishnu. Yet the Eton- and Harvard-educated

monarch is a modern man, more at home in diplomatic manipulation than with archaic notions of divinity. His is the acceptable face of Hinduism.

His unacceptable face is represented by the clutch of so-called cultural organizations that mobilize the BJP's grassroots support in India. They are trying to provoke a minority backlash and force Mr. Vajpayee into extremist courses, especially one that a Roman Catholic in the person of Italian-born Sonia Gandhi leads the opposition Congress Party.

Religious symbolism apart, there are sound reasons for courting a prickly monarch whose landlocked kingdom is wedged strategically between

India and its arch-rival, China. But the symbolism may be more important than the substance this time, because of the BJP's hopes of redefining India's identity in terms of the culture of 80 percent of the people.

Two factors bode ill for any Indian concession to the logic of numbers.

First, there are enough vocal Hindu opinion-makers professing liberal, leftist and rational views to protest vehemently at any attempt to dilute the constitution, which describes India formally as a socialist secular republic.

Second, the militant leaders of India's minority groups — Muslims, Sikhs and Christians

— supported by more than 100 million Harijan untouchables who no longer accept their lowly position in the social hierarchy, will fight such change every inch of the way. So much so that it might be no exaggeration to say that India has to be secular to survive.

Yet more and more Hindus are refusing to recognize this. They complain that while the majority is treated like a minority in its own country, Muslims and Harijans are pampered.

Not only can the subcontinent's Muslims claim two exclusive homelands in Pakistan and Bangladesh, but they also enjoy exemption from Indian personal law — being allowed four wives, for instance, under Koranic injunction, whereas all other Indians must be content with one.

As for Harijans, positive discrimination in education, jobs, taxes and land distribution and ownership has created what sociologists call a vested interest in backwardness. In contrast, the impoverished Hindu peasantry and urban slum dweller has nowhere to go and nothing to look forward to.

The Congress Party lost power when it tried to accommodate this growing discontent. It forfeited the votes of Muslims and Harijans, without going far enough to gain commensurate Hindu support. The BJP hopes to satisfy Hindus

without altogether alienating Muslims and Christians. It has wisely reached a political understanding with the Harijans.

Mr. Vajpayee's moderation is not to the liking of such powerful affiliated organizations as the Rashtriya Swayamsevak Sangh (National Welfare Society) or the Vishwa Hindu Parishad (Universal Hindu Organization) and their many offshoots. Without administrative responsibilities, they feel free to exploit fears and whip up tension in hopes of forcing Mr. Vajpayee's hand by provoking confrontations on several fronts, most recently with Christians.

In the long term, whoever happens to rule in New Delhi will have to find some means of reconciling legitimate majority expectations with justice for the minorities.

Of course, the Nepalese monarch is not a party to any of these stratagems. But his presence on the saluting stand this Tuesday will assure doubting Thomases within the BJP ranks, as well as the Hindu multitude, that, circumspect though Mr. Vajpayee might be, his heart is in the right place.

The writer, a former editor of The Statesman in India, is an editorial consultant with The Straits Times in Singapore. He contributed this comment to the International Herald Tribune.

The Church and the Latin Poor

By Jorge G. Castañeda

MEXICO CITY — By some estimates, 60 percent of Mexicans are poor, in a region with the world's most inequitable distribution of income. So Pope John Paul II's visit this week inevitably sharpens the debate on the role of the Catholic Church in combating poverty and inequality.

From Fray Bartolomé de las Casas's defense of the indigenous peoples of New Spain in the 16th century through the emergence of liberation theology in the 1960s and 1970s, the Latin American coincidence of a powerful church and widespread destitution has led to unending acrimony.

If in Eastern Europe and the former Soviet Union John Paul's discourse and practice were consistent and unwavering, in Latin America they have been ambivalent.

Like other foreign travelers for centuries, he has been dismayed by his encounter with misery, violence and injustice. Through the Caribbean and Central America, across northeastern Brazil, in the shantytowns outside Mexico City, he was appalled by crowded conditions, pervasive corruption, drugs and prostitution. No sensitive visitor could react otherwise. His attacks on unfettered global capitalism and "neo-liberalism" are to some extent a consequence of his travels.

At the same time, the Pope

has dismantled and dispersed the scant defenders of Latin America's poor. Whatever one may think of the ideas and tactics espoused by thousands of priests and lay church workers, all lumped together as liberation theologians, for many years they were a voice for the voiceless where repression or silence was the norm.

Bishops have been transferred and seminaries shut down; appointments in Mexico, Brazil, Peru and elsewhere have tended to restore the church to what its critics said it had traditionally been: an institution of the rich, for the rich, by the rich.

The dismantling of progressive dioceses in São Paulo state and of many anti-poverty initiatives, as well as the Pope's recent slashing criticism of the bishop in the Mexican state of Chiapas for his "indigenist" theology, are examples of this trend.

So while John Paul II has issued scathing attacks on the widening gaps between rich and poor, between ethnic groups and men and women, he has also helped to make any concerted effort to alleviate these ills far more difficult.

Even the one area in which he could have placed himself above the left-right fray and played a lasting role in di-

minishing poverty and inequality fell prey to his innate ecclesiastical conservatism.

Population growth in Latin America has been dropping for two decades, but nowhere near rapidly enough to foster basic services and social rights for millions of underprivileged people. The fall in fertility rates is unevenly distributed. Young women in the poorest rural areas or urban slums have several times more children than middle-class or affluent women.

The church under John Paul has ceased opposing family planning efforts in most of the Western Hemisphere, but it has certainly not been a force for change on this crucial problem. In the 20 years that he has been Pope, the region's population, overwhelmingly Catholic, has risen to nearly 500 million from 335 million. While speaking up against Latin America's ancestral scourges, the Pope has silenced some of the most eloquent voices of the very oppressed to whom he has devoted much time. This contradiction will be part of his legacy.

The writer, who teaches politics at the National University of Mexico and New York University, is author of "Compañero: The Life and Death of Che Guevara." He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Guillotine News

PARIS — Deblender, the man who murdered his two little girls by throwing them into the moat of fortifications, has benefited by the clemency of the President of the Republic, his sentence having been commuted to one of penal servitude for life. Penzance, the other condemned man at La Roquette, is not likely, says the "Figaro," to escape the guillotine, the knife of which, it adds, has just been sharpened.

1924: Soviets Wooded

LONDON — The Labor Government's intention to recognize the Soviets is regarded as a first step towards a more active foreign policy on the part of Great Britain. Mr. MacDonald hopes to influence other European nations to follow his example and thereby hasten his plan of bringing Russia into the

League of Nations, which Labor hopes will soon include Germany also.

1949: Deadly Ad

FRANKFURT — A small advertisement in an English newspaper in May 1944 gave the German high command a two-week advance warning that the Anglo-American invasion of Normandy was about to be launched. The European Command historical division disclosed. "An advertisement in a British paper asked English people to file any claims for property damage caused by Allied troops." Major Murphy explained. "This was a clear indication to the Germans that Allied troops were moving out of their regular training areas of new stations preparatory to combat. The Germans picked this up about two weeks before the invasion was actually launched in Normandy."

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OPINION/LETTERS

Impeachment and Trial Are Censure Aplenty

By William Safire

WASHINGTON — Once a year I get invited to the White House for a quick brain rinse and mind-set on the State of the Union. This time I wandered in the wrong West Wing door and saw what I was not supposed to see.

There was a worried-looking Betty Currie in the corner of the reception room, flanked by two grim suits offering advice, presumably not about her secretarial duties.

So what if White House aides were reassuring her, or even going over questions she might be asked if House managers call her to testify? They have been doing that for a year and nobody objected.

Then what was all the fuss about the House managers talking to Monica Lewinsky? They wanted to find out if she would clarify her sometimes ambiguous testimony before they asked the Senate for permission to depose her under oath.

President Bill Clinton, co-traveller, does not want to take the chance that Monica will reveal some damning detail of their cover story, or sharpen the conflicts in perjurious testimony about his passivity.

Here is the fair, unembarrassing, history-respecting solution: depose both Ms. Lewinsky and Mrs. Currie privately. If important discoveries or clarifications are made under oath to resolve disputes, call the two women as public witnesses.

If not, send both women home and move to the verdict. This is orderly trial procedure, not rock-throwing.

After the presumed acquittal, should there be a vote of censure? I think not. If individual senators voting to acquit want to get well with a disapproving portion of their constituencies, let them rise in their places and exorcise Clintonian behavior to their conscience's content, railing away into the night. Those who really want to get tough may even decline to sip acquittal champagne at the White House victory rally.

But impeachment and trial are censure aplenty. In 2001, Mr. Clinton may face perjury prosecution requiring a pardon from his successor, for now, however, he will have won the right to two more years of federal housing.

That is all he will win. His stratospheric job approval ratings reflect mainly today's great good times, and contrast sharply with the repugnance with which most Americans tell pollsters they view him as a person. Thus, the moaning of moralists, the hand-wringing of law-and-order types and the unhappiness of knuckledrumpers at the artful Mr. Clinton's latest dodge are at least premature.

Instant analysts were bowled over by the very fact of his State of the Union address. But this giddy gallimaufry was an appeal to detach ourselves from reality.

After they gently ushered me out of the off-limits reception



area, I joined other thumbtuckers in the Roosevelt Room. There, four young Clinton aides foreshadowed — with unblinking certitude — the next generation's ever-rising surpluses, and laid out how the money will be spent.

Wait. Only a few years ago, economic sages saw huge deficits "as far as the eye could see." Wrong. Even this year's budget estimates of surplus were tens of billions out of whack. Federal budget projections are near-Malthusian in their enormity.

Yet here were these earnest guys, each preparing his résumé in case their boss gets the heavenly next week, assuring the world

that U.S. government profit in the next 15 years would equal exactly \$4.5 trillion. And Senate numbers crunchers concur.

No recession; no medium-sized wars; no savings and loan bailouts; no tax cuts or spending increases by Congress to come — these memory-free central planners see nothing but linear loveliness and blue skies from now on.

After predicating the salvation of Social Security on this rosiest scenario, they carved out half a trillion of Maybeland money for the biggest income-redistribution scheme in history: "Universal Savings Accounts," a new

entitlement named after its initials, in which a chunk of the lifelong earnings of workers enhance retirement "savings" of the poor.

Timel is falling to confuse our radar. Can this latest-duck administration commit a future president to a State of the Union message in 2015 married to the Clinton model?

No, the Era of Big Government will not return on the back of an Age of Absurd Expectations. Through the American people's eyes and down the people and out the tax collectors will decide how to spend their earnings.

The New York Times.

A 'Nation of Clones' Gets Its Turn in the Spotlight

By Simon Mawer

ROME — The genome mania has put Iceland back on the map. It seems that someone has dreamed up the brilliant idea of marketing Iceland's best natural resource after cod: a wonderfully unvarying human genome.

What makes Icelandic DNA such a hot commodity is that it promises to solve one of the

sale. Moreover, he has actually gone on record with his own personal commitment to genetic improvement: "It certainly would be nice," he declared, "if the gene responsible for all the wrangling and quarreling which has often obstructed progress in this country could eventually be identified and isolated."

MEANWHILE

biggest problems facing genome-mappers, the fact that there is actually no single representative human genome to map.

We all differ from each other roughly once every 300 DNA bases, and because there are a cool 3.3 billion bases in which to differ, that means that you are different from me in about 11 million places. Not only is the book big, but it appears to come in a disturbing number of different editions.

But since almost everyone in Iceland is related to everyone else there (they are descended from the same few Vikings), the place is, comparatively speaking, a nation of clones. Coupled with their medical records, the Icelanders' genome might be very useful. Researchers should be able to detect the genetic factors in any particular disease.

So the Icelanders are poised to become the type specimen of our species, the human genome par excellence, the paradigm against which we may all be judged.

And why should any of the rest of us object?

Icelanders seem to live forever, and apparently they suffer less from seasonal affective disorder than a control population from the Eastern United States. That makes them a pretty cheerful lot, I would say, what with almost total darkness for much of the winter, and rain when it is not snowing.

Surely it must have been a pair of hopeful Icelanders that NASA engraved on the outside of the Pioneer 10 space probe, the one that first zoomed out of our solar system and is even now carrying the human image where no man has gone before.

Anyway, for the present, a major Swiss pharmaceutical company likes the idea of buying the Icelandic family genes in the name of medical research, and the Icelandic prime minister supports

Which only goes to show that a gene for political sensitivity is not carried by Icelandic politicians.

The motives behind all this are, of course, ambitious and good old love of lucre, and everyone seems to have the genes for those. The contract for the Icelanders' genetic and medical soul amounts to some \$200 million, and as there are a mere 270,000 Icelanders, whose principal source of income is fish, that puts the whole thing in perspective.

How much good it will do mankind is a moot point. One thing is certain about diseases: Most of those with a powerful genetic component are the ailments of the affluent West, the self-induced diseases of lifestyle. As for the vast majority of the human species — the not-so-blond nations of the world — the battle is still against plain old-fashioned infectious disease. Genetics has precious little to do with that. That fight could be largely won with basic hygiene and clean water, but it is not a very promising market for Swiss pharmaceuticals.

The writer, author most recently of "Mendel's Dwarf," contributed this comment to The New York Times.

An Ironic Decision

HUMAN BODIES have been commodities for a very long time. Prostitution and chattel slavery are, after all, biblical, while modern capitalism has opened up new markets in blood, sperm and body parts.

Iceland, however, has carried this process to its logical conclusion by making its entire population into a captive biomedical commodity. It is a curious irony that the only known national society that was formed to escape any form of state power should be the first to embark on this enterprise.

— R.C. Lewontin, writing in The New York Times.

LETTERS TO THE EDITOR

IMF and the Asian Crisis

Regarding "The IMF Record in Asia's Mixed" (Opinion, Jan. 21) by Philip Bowring:

In taking the IMF to task for its assessment of the Asian crisis, Mr. Bowring misses a few key facts. Mr. Bowring complains about a "glaring" omission from the report of the role of short-term capital flows in the run-up to the crisis. The omission was deliberate. This topic was already discussed by the IMF in reports published in October and December 1998.

Mr. Bowring is in error in criticizing the decision to stabilize Asia's collapsing currencies through higher interest rates, which, he asserts, brought about the collapse of domestic demand and corporate bankruptcies. The report makes clear that a central problem was that firms and financial institutions that had borrowed in foreign currencies were battered by the exchange-rate depreciations; if the authorities had done nothing to resist these depreciations, the wave of bankruptcies and attendant collapse in demand

would probably have been worse. His claim that the Fund recommended the closure of 16 Indonesian banks after a "a few days of quick study" flies in the face of the record. The IMF had provided assistance to Indonesia on its banking system for several years before the crisis erupted. The IMF agonized over the closure of the banks, in part because it was known that more institutions were in trouble. The IMF will continue to assess the events of the past 18 months to better prevent future crises.

There is no question that there are important lessons to be learned from the Asian crisis — and the IMF is learning them.

SHAILENDRA ANJARIA, Washington.

Britain's China Policy

Regarding "British Foreign Policy Remains Based on Two Illusions" (Opinion, Jan. 6) by Roy Denman:

Mr. Denman is right in char-

acterizing Britain's foreign policy as hostage to that of the United States. Prime Minister Tony Blair's government has told the Chinese dissident leader Wei Jingsheng that despite the crushing of dissent within China and the efforts of the regime to thwart democratic change, Britain will take its cues from America's policy, which is one of appeasement.

GILBERT JONAS, New York.

The writer is treasurer of the Wei Jingsheng Foundation.

BOOKS

BUTCH CASSIDY

A Biography
By Richard Patterson. 362 pages.
Paperback, \$19.95. Nebraska.

Reviewed by Jonathan Yardley

AS Richard Patterson's abundant bibliography and notes make plain, the story of Butch Cassidy has inspired an extraordinary amount of writing over the years, some of it faintly scholarly but much of it myth-making pure and simple. The most notable example is, of course, William Goldman's screenplay for "Butch Cassidy and the Sundance Kid," the male-bonding film starring Paul Newman and Robert Redford in which what Patterson calls "the hokier Robin Hood type of tales that are forever told about Butch" reached their apotheosis.

The human taste for romantic outlaws is something of an aberration, but not a disagreeable one. We envy the person whose only rules are the ones he sets, who follows his own star, who laughs at the conventions to which the rest of us so slavishly conform. It helps if, like Cassidy, the outlaw steals but does not kill, stirs ardor in the hearts of the opposite sex and cuts a reasonably handsome figure.

Over the years Cassidy has been so thoroughly romanticized that it's just about impossible to tell fact from fiction, but Patterson makes a noble effort to that end. A lawyer who in his retirement has turned to writing about various aspects of the history of the American West, he is a thorough researcher, but, alas, a

lifeless prose stylist. There is much to be learned from his life of Cassidy, but he manages to drain the story of its humor and drama; whether, as a result, this book will be of interest to many readers beyond other specialists in the West is highly doubtful.

A further difficulty with the book — this not at all of Patterson's making — is that Cassidy left a scant and often misleading paper trail. Confronted at one turn after another with the unknowable, Patterson must fall back upon the vocabulary of speculation: "may have been," "probably," "isn't known," "as some have suggested," "we can only guess," "may never be established," "if the story is true." As it happens, all of the inferences Patterson draws and the speculation in which he engages seem legitimate, responsible and commonsensical, but a narrative couched in such language is inherently compromised.

What we know for certain is that Cassidy was born Robert Leroy Parker in Utah in 1866 to pious Mormon parents; that he was a cheerful and fun-loving but restless and independent youth who struck out on his own and soon found his way into such gainful occupations as horse rustling, payroll heists and train robbery; that he changed his name to George Cassidy and eventually became known as Butch; that he did a couple of years in the Wyoming State Penitentiary, where his outlaw instincts were confirmed and hardened; that he had a ranch at Bear Creek, in Wyoming, "about ten miles northwest of the Hole-in-the-

Wall"; that in time he hooked up with Harry Alonzo Longbaugh, a.k.a. the Sundance Kid, with whom he jointly ran a gang called the Wild Bunch; that when things got hot they escaped to South America; and that...

Here the trail runs cold. Apparently, but by no means certainly, Butch and Harry ran into an armed patrol in San Vicente, Bolivia, in the late fall of 1908. There was a shootout in which two foreigners were killed. According to Patterson, research strongly indicates that the dead men were Cassidy and Longbaugh. But there has also been a great deal of fantasizing and romanticizing, and there seem to have been at least as many Butch Cassidy sightings as there have been Elvis Presley sightings.

Whatever the truth about Cassidy, he and his partner live on in American mythology, along with Bonnie and Clyde, John Dillinger and other outlaws, many of whom were less engaging and more violently inclined than these two romantic heroes. As mythologizing goes, surely this is of the most harmless variety. Civilized society is always of necessity restrictive and conformist, but there is in all of us, as there was in Huck Finn, the longing to light out for the territory, to go where we can make our own lawless and free. That Butch and Sundance were not really all that free — that they lived in hiding and on the run — is far less important than that we believe them to have been. It's the myth that matters, not the man.

Washington Post Service

CHESS

By Robert Byrne

THE Marshall Chess Club's Winter International Tournament, held in its Greenwich Village townhouse from Dec. 12 to 22, was organized to give opportunities for young players to attain norms toward grandmaster and international master titles. Alexander Stripunsky, a Queens grandmaster, won the \$300 first prize in the 10-player invitational event with a 6 1/2-2 1/2 score.

PIRC DEFENSE			
White	Black	White	Black
Ashley	Stripunsky	Ashley	Stripunsky
1. e4	d6	21. Rd2	b6
2. d4	Rd8	22. N5a4	Na4
3. Nc3	c5	23. Na4	Nb4
4. Nf3	Bg4	24. Be3	Rb8
5. Be2	Be7	25. Ne3	Qd7
6. O-O	Be7	26. Nd1	Rb8
7. Bc3	d5	27. Nf2	Rf8
8. e5	Nd7	28. Ng4	Kg7
9. Nd2	Be2	29. Nf5	cf
10. Ne2	c5	30. f4	f4
11. c3	Nc6	31. g4	Rc1
12. f4	g6	32. Rf4	Rf8
13. Nf3	c4	33. Kg2	Rf8
14. cd	0-0	34. Rf3	Bb4
15. Nc3	Nb6	35. Rd1	Rd1
16. Qe2	Nc4	36. Qc1	Qe7
17. Rad1	e5	37. Qd2	f6
18. Bf2	a5	38. e4	Rf6
19. Ne5	a4	39. Bf4	Qe4
20. b3	Nb2	40. Qe3	Qe3
		41. Resigns	

In the second round, Stripunsky defeated Maurice Ashley, an international master of Brooklyn, in a rare defense that created problems for both players.

After the Classical System against the Pirc Defense with 4 Nf3, Black has the option of omitting the standard 4...g6 in favor of 4...Bg4. After having thus developed his queen bishop outside his pawn position, he completes the formation by 5...e6 and 7...d5, when it can no longer hamper this piece.

Ashley got rid of the black queen bishop with 9 Nd2 Be2 10 Ne2, but after 10...c5, Stripunsky had a kind of French Defense with no pieces obstructed.

Ashley's 13 Nb3 was wasted motion; there was no reason to encourage the exchange 13...cd 14 cd. He should have proceeded directly to a kingside attack with 13 g4!, especially since counterattack with 13...h5 could be hit hard by the line-opening 14 f5!

Again, after 14...O-O, he should have attacked with g4. Instead he took another piece away from the important kingside with 15 Nc3!

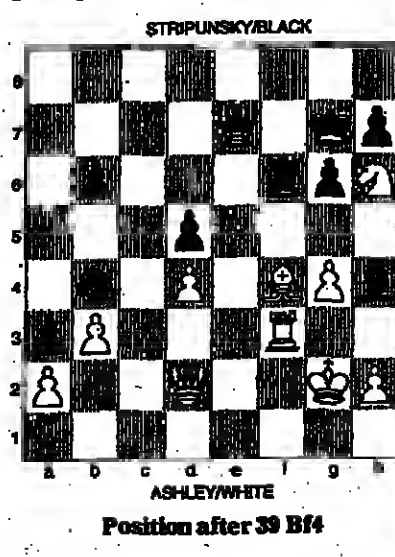
After 19...a3!, it was clear that the queenside attack was solidly in Stripunsky's hands. With 28 Ng4, Ashley finally moved against the black king, and maybe it wasn't too late.

Stripunsky's 32...f4 prevented Ashley from getting an avalanche going

with 33 g4. He could defend against 33 Bf4 by 33...Rc1!

After 34...Bh4, Ashley might have tried 35 Rh3 because 35...Qe7? would then be slaughtered by 36 Nf5! g7 37 g7 with crushing threats of 38 Qh5 or 38 Qg4. But the situation would not be clear after the prodigious 35...Bd8 36 Nf5 Kh8.

After 35 Rd1! Rd1 36 Qd1 Qe7 37 Qd2 f6 38 e4 Rf6 39 Bf4? Qe4! (threatening 40...Rf4 41 Qf4 Qf4 42 Rf4 Kh6 as well as 40...Bg5) 40 Qe3 Qe3, Ashley gave up.



STEP OUT OF YOUR WORLD

The Drama Is in the Details



Givenchy's butterfly face-markings and parasol.



Dior's surreal eye pins on black and white outfit.



Hanee Mori's feather puff at the rear of a lace dress.



Paco Rabanne's translucent Pierrot ruff collar.



Gaultier's breastplate and African-style bangles.



Lacroix's fabric flowers forming a ruff collar.

Sex, Glamour, Empowerment

By Suzy Menkes
International Herald Tribune

PARIS — "Comfort, what is comfort? What about confidence?" With those words, Thierry Mugler sums up his fashion philosophy and defines his female superheroes with their hour-glass suits, dominatrix silhouettes and vertiginous heels. His vision is as far as the pale blue horizon can stretch from simple, straightforward sportswear, which is why his most enthusiastic clients are strong women, from Jerry Hall through Ivana Trump. "Feminine," "glamorous," "empowered" — and desirable — is how Trump describes herself when dressed in Mugler's hallmark style: a firm-shouldered, scalpel-sharp suit that looks like a caricature of the predatory female. "A very strict suit," Mugler says. "But then when she moves, the skirt opens up high on her thigh, or you may find out that she is naked under her jacket." Not one to mince words, the designer calls the striking picture book he released in Paris last week, along with his latest couture collection, "Thierry Mugler: Fashion Fetish Fantasy." Among the 192 arresting images, many choreographed and photographed by Mugler himself, are women captured in vast open spaces, from sand dunes to sky-scapes, their lipstick and hair gleaming, full bodies inside a crisp carapace. Most extraordinary are the insect-woman outfits, created for a show in the mid-1990s, when shiny black suits created ant figures or horned and striped headgear buzzed "wasp." In the 21 years since the young dancer from Strasbourg set up his own fashion house, Mugler has found fans in the film world, not least Cyd Charisse, who kicked her famous legs for him a year ago. His constructed fashion, creating a glamorous image with cunning artifice, is akin to the way that silver screen stars were dressed by the studios in Hollywood's glory days. Movie folk appreciate that legacy. "I am addicted to and enchanted by his use of sexy fantasy," says the Spanish director Pedro Almodovar. Mugler's couture show, which took the iconic Parisian little black suit and sliced it up with dexterous skill to disturbing effect, displayed the designer's strong personal signature and singular image. To re-inforce the message of Amazonian woman, he even had a model decked out with African markings and carrying a spear. You could call his style the essence of politically incorrect fashion. It expresses rather an essential gallic style in its sophistication, chic and its insistence that a woman should work at being glamorous, squeezing herself into his tailored clothes — although he also makes more romantic frothy dresses. "Fashion — it's wonderful and very cruel. A very demanding mistress," is another of Mugler's bon mots. Or as the American fashion editor Polly Mellen puts it, when referring to his hug-me-tight silhouette: "Who needs to breathe, anyway?"



Thierry Mugler's sliced up suit from his spring/summer couture.

When Little Things Mean a Lot

By Suzy Menkes
International Herald Tribune

PARIS — The dress was pale and simple, but the earrings were huge. Great half-moon circles dangled from the lobes and an array of bangles ran circles of color from wrist to elbow. Like so much in the spring/summer high fashion season, the clothes seemed whisper-quiet, but the drama was in the detail. If you turned Valentino's beige coat inside-out, dense embroidery covered the lining. At Balmain, where a series of outfits came out in shades of cream and white, the purses were patterned with paisley. The story is more than a return of accessories showcased against a minimalist background. Designers in last week's Paris shows were not so much adding on to an outfit or spicing it up, but rather building in detail and decoration. "Take the ruff. Maybe it is the fallout from Tudor costumes seen in the movies 'Elizabeth' and 'Shakespeare in Love,'" Whatever the inspiration, the ruff, out of style for a mere 400 years, has suddenly made a comeback. Whether it is made in high-tech fabrics or painstakingly created with careful craftsmanship, the new-age ruff becomes a circle of upstanding feathers, a puff of cellophane or outside fabric flowers encircling the neck. When each of those flowers has been individually handmade or the plumes are dyed and decorated to order, these details create genuine couture effects.

The breastplate and the torque are other items that have returned to the fashion map. They hark back to the ancient Greeks and Romans or suggest ethnic accoutrements. The point of such pieces, when used by Jean Paul Gaultier, for example, is that they become an integral part of the garment, with fabric draped, folded and suspended from what might otherwise be just a striking piece of jewelry. In a similar vein, Yves Saint Laurent used a ring at the midriff through which to twist the soft crepe of a draped dress; and he had tufts of birds of paradise feathers arching up from the shoulders. At Dior, John Galiano's take on surrealism produced a black dress suspended from rhinestone wrist watches as shoulder straps. Gaultier found other ways of folding accessories into clothing: a scarf forming a purse at either end, as the ultimate hands-free bag, and a Spanish-style dress incorporating fans that were made out of different laces.

Even the belt has become more than a waist-marker. At Givenchy, Alexander McQueen cinched his tooled leather corset-like corsets around slim dresses, with the same punched leather for a hat. Karl Lagerfeld used square-link metal belts — the modernist version of the Chanel chain — to weave in and out of the clothing. Hats at the Chanel show were more like stockings — thin stretch tulle Juliet caps pulled over the head.

Ribbons are a current fashion thing, but they too are becoming more complex than a few dangling strings. Christian Lacroix wrapped a dress like a gift parcel, criss-crossing silken ribbons at the midriff.

McQueen created a showpiece outfit for Givenchy, worked from 1,000 meters of pink, rust and green folded ribbons. A less virtuosic, but more elegant, piece was Chanel's beaded cardigan, which ended at the hips in a ragged fringe of tiny pearls.

Sometimes details that make the difference can be ephemeral, like the face-markings and body paintings that appeared at shows from Givenchy through Thierry Mugler. McQueen created butterfly-wing patterns at the eyes, matching the swirling pattern of a dress and a butterfly-trimmed parasol, while Mugler's markings were part of an African theme.

Jewelry with a tribal feel was a familiar story, with even Saint Laurent offering sophisticated versions of the handpiece and the snake bracelet in sparkling faux diamonds. At Balmain, Oscar de la Renta had chunky necklaces of metallic coins and what looked like semi-precious stones from turquoise through jade and agate. But alongside the rivulets of multi-colored beads, there

was also a strong trend toward the metallic. That could mean Gaultier's hefty breastplates or the sleek sculpted purse at Chanel, where the house's new space-age modular bag came in a mini evening version.

Ultra-fine metal filaments were also used at Chanel as delicate double-circle pendant earrings. The hooped earring, whether you see it as gypsy or ethnic, appeared in many collections: There were circles and chandeliers of colorful glass beads from Ungaro and Valentino, and bold metallic crescents from Gaultier.

Bangles echoed the same spirit: thin bands of glass beads at Ungaro, and hefty bands of amber or ivory at Gaultier and Mugler. The translucent bracelets at Hanee Mori, looking like frothy foliage, were another take on bold, yet delicate, jewelry, as were Lacroix's multi-beaded necklaces. But for most designers, necks were still bare, with the focus on ears and arms.

SOMETIMES the detail was expressed in perversity: One unremarkable outfit saved its drama for the rear view. Donatella Versace had dresses swooping into a swallow-tail at the back or a bustle-like jacket woven into three corners at the back, like a frozen sculpture. Galiano turned a tuxedo jacket or blouse back to front. To make sure we got the surreal message, he put pins in the shape of the human eye with a clock face at the center. They were used at the front or back of two black and white outfits.

More classic back interest appeared at Hanee Mori as a corage of flowers slung diagonally across a lace dress, as a big, flat bow and central flower at the rear, or as a tuft of feathers balanced saucily on the derriere. Lacroix played with the bustle, whooshing up polka-dot fabric at the back over a long skirt.

The most obvious change in the spirit of haute couture for the new season is that the outfit no longer makes a big statement — but the details speak volumes.

CROSSWORD

ACROSS

- 1 Airline founded in 1927
- 6 Garden smoother
- 10 Bygone Midwest leader
- 14 D-Day beach
- 15 "Make it quick!"
- 17 "Look who just showed up!"
- 20 Uncle of rice
- 21 Court game
- 22 Cluckhead
- 23 Marooned motorist's need
- 27 Scouting job

DOWN

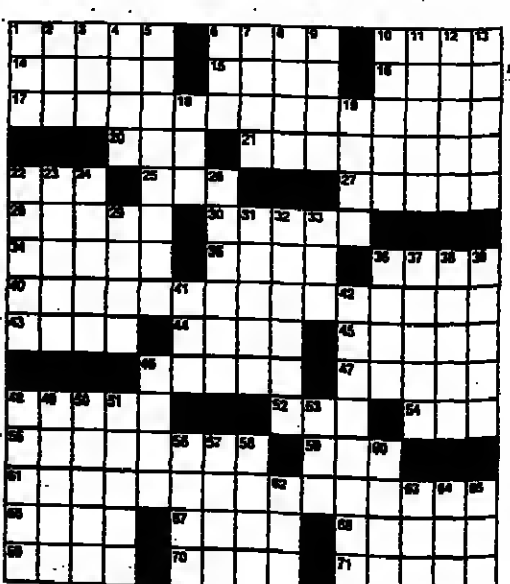
- 2 Not neg.
- 3 Sound booster
- 4 Highland negative
- 5 Captain of the Request
- 6 "A Yank in the..." (1941 war film)
- 7 Regarding a Actress Madeline
- 8 Perce's blade
- 9 Public row
- 10 Ruinous damage
- 12 Protein building block
- 13 Her foot leached a thousand ships

18 Lennon's lady

- 18 Cried building
- 22 Impact sound
- 23 Baseball's Hank
- 24 Lying face-down
- 26 Crumples into a tiny ball
- 29 Peacock
- 31 A round at the tavern, say
- 32 Delights
- 33 Do poorly
- 35 Castaway's spot
- 37 — and Drang
- 38 Gymnast
- 39 Connected
- 41 Company with a dog in its logo
- 42 Quaint children's game
- 43 Shady route
- 45 Sportscenter
- 46 Merit
- 49 Brawl
- 50 O. Henry, in the literary world
- 51 Toys with tails
- 52 Wed, preceder
- 56 Brawl
- 57 Shoeless problem
- 58 Cry of pain
- 59 1993 peace accord city

Solution to Puzzle of Jan. 25

ACROSS
1. AIRLINE
6. GARDEN
10. BYGONE
14. D-DAY
15. MAKE IT
17. LOOK WHO
20. UNCLE
21. COURT
22. CLUCK
23. MAROONED
27. SCOUTING
DOWN
2. NOT
3. SOUND
4. HIGHLAND
5. CAPTAIN
6. A YANK
7. REGARDING
8. PERCE
9. PUBLIC
10. RUINOUS
12. PROTEIN
13. HER FOOT
18. LENNON
19. CRIED
20. IMPACT
21. BASEBALL
22. LYING
23. CRUMPLES
24. TINY
25. PEACOCK
26. AROUND
27. DELIGHTS
28. DO POORLY
29. CASTAWAY
30. DRANG
31. GYMNAST
32. CONNECTED
33. COMPANY
34. DOG
35. QUANT
36. CHILDREN'S
37. SHADY
38. ROUTE
39. SPORTSCENTER
40. MERIT
41. BRAWL
42. O. HENRY
43. TOYS
44. TAILS
45. WED
46. PRECEDER
47. BRAWL
48. SHOELESS
49. CRY
50. PAIN
51. 1993
52. PEACE
53. ACCORD
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Herald Tribune BUSINESS/FINANCE

TUESDAY, JANUARY 26, 1999

PAGE 11

Hollywood's Ovitz Rides Again No Star Is Off Limits as Talent Manager Raids Allies

By Bernard Weinraub
New York Times Service

HOLLYWOOD — Michael Ovitz, the man who was once Hollywood's most powerful agent, has returned as a talent manager. And after his first few weeks back, one thing is clear: No star or big-name director is off limits, not even the clients of his old agency.

Already, Mr. Ovitz had hired some veteran directors and old friends, such as Barry Levinson, Martin Scorsese and Sydney Pollack, to his new company. But Hollywood had been waiting for the former agent to sign up his first marquee actor. And last week he did so, plucking one of the stars from the firmament of his former agency.

Mr. Ovitz lured Robin Williams away from, of all places, the Creative Artists Agency. Mr. Ovitz was a founder of the agency, helped hire and train many of the top agents there and has been paid tens of millions of dollars by the agency as part of his departure package.

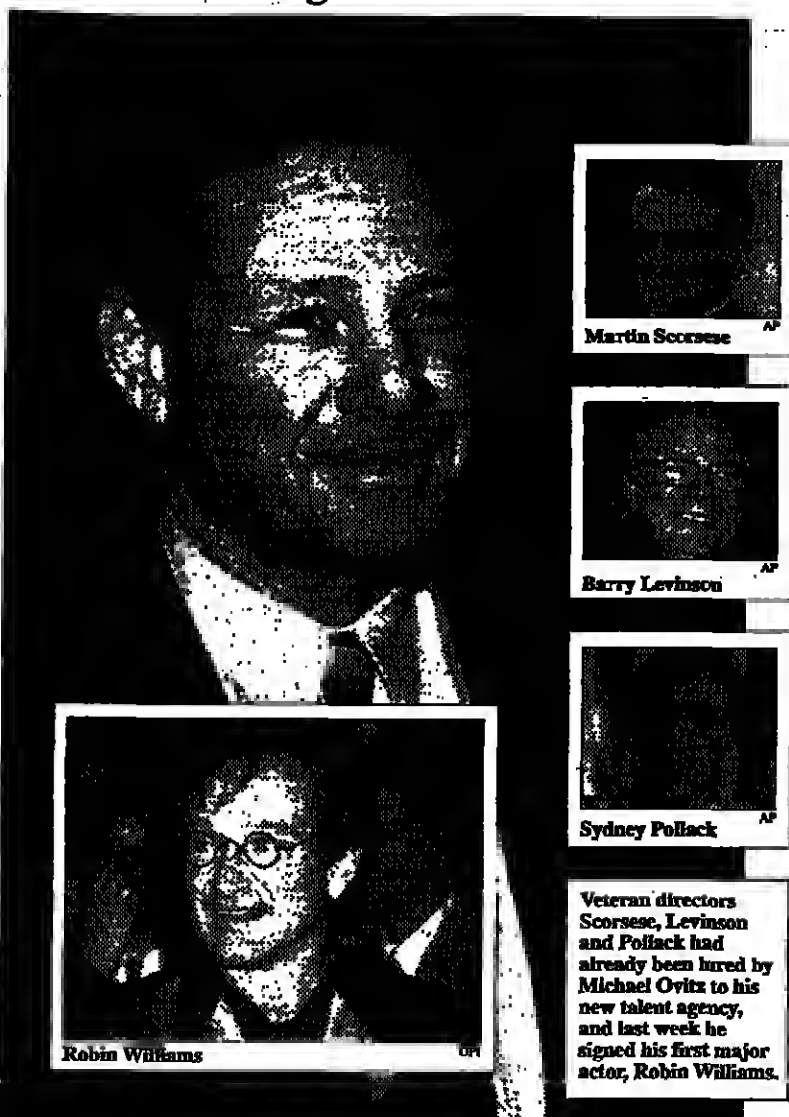
"Isn't this a Greek play — a father turning on his sons?" asked one of Hollywood's top lawyers, speaking on condition of anonymity.

The defection last week of Mr. Williams, who earns nearly \$20 million a year, came after Mr. Ovitz hired Michael Menchel, who has represented the comedian for years at Creative Artists.

What surprised rival agents and some top Hollywood lawyers is that Mr. Ovitz was starting his still-fledgling management company by swooping in to Creative Artists and taking off with one of its top money-making stars. Because Mr. Williams is one of the most popular box-office stars, he was considered one of Creative Artists' prizes.

Several Hollywood lawyers, who spoke on condition of anonymity, as well as talent agents said Mr. Ovitz was actively pursuing other Creative Artists clients even though his ties to the agency's current partners had once been familial.

In recent years, those ties have become frayed. Richard Lovett, the president of the agency, once a loyal friend of Mr. Ovitz, said only, "Robin Williams is a tremendous talent and a wonderful person." Referring to Mr. Williams and his wife, Mr. Lovett added: "Robin and Marcia have been



great friends to the agency. We hope to continue working with them."

Other Creative Artists officials were far blunter, privately expressing outrage and, as one put it, disbelief that their former boss and mentor was seeking to raid his own former agency. Mr. Ovitz did not respond to phone calls seeking comment.

In some ways, Mr. Ovitz may be coming along at a fortuitous time in the management business. The talent-

agency business, which ruled Hollywood in the 1980s and early 1990s, partly because of the ascendancy of Creative Artists, has been in turmoil.

Large agencies such as International Creative Management Inc. and William Morris Agency, as well as Creative Artists, have sought to cut costs and shrink their number of agents — through dismissals, attrition and de-

See OVITZ, Page 12

Japan's Trade Surplus Soars 40%

Plunge in Imports Amid Economic Slowdown Fuels Surge in '98 Data

Compiled by Our Staff From Dispatches

TOKYO — Japan's trade surplus with the world expanded 40.1 percent in 1998 to a record 13.98 trillion yen (\$122.18 billion) as imports fell at a much faster rate than exports, the government said Monday.

The politically sensitive surplus with the United States also widened, by 33.4 percent to 6.7 trillion yen, the Finance Ministry reported.

The soaring merchandise surplus reflected consumers' reluctance to spend amid Japan's worst recession in decades, cutting demand for imports and making domestic manufacturers more reliant on sales overseas.

"Perhaps the question for Japan is not when will the economy recover, but is there a way out of the current mess?" said Brian Rose, an economist at Warburg Dillon Read in Tokyo. "Sufficiently inappropriate economic policies and/or political problems can easily prevent growth for decades."

Although the strong yen has cooled the surge in the surplus in recent months, the figure rose again in December for the first time in two months, the ministry said. The December surplus widened 14.4 percent from a year earlier, to 1.42 tril-

lion yen. But officials insisted that the surplus would grow more slowly or not at all in the coming months.

"The growth tempo of the trade surplus is expected to start moderating gradually," a ministry official said.

The ministry said overall global exports fell 0.6 percent, to 50.64 trillion yen, while imports plunged 10.5 percent, to 36.6 trillion yen, marking the first decline in overall trade in five years despite the record surplus.

The merchandise surplus is the measure of all customs-cleared goods exported by Japan minus imports but includes no adjustment for seasonal factors.

Tokyo has been under heavy pressure from Washington and other trading partners to rein in the surplus by bolstering its weak economy and spurring demand for imports.

Overall exports to the United States rose 9.2 percent, to 15.47 trillion yen, with auto exports jumping 17.7 percent.

Washington has been particularly critical of Tokyo's increasing steel exports. For 1998, U.S.-bound steel exports soared 91.2 percent, to 418.1 billion yen. On a volume basis, they were 166.6

percent higher, at 6.9 million tons.

But Japanese officials appear relieved by signs that those exports might have cooled. Steel exports to the United States fell in December for the first time in 33 months, dropping 20.8 percent in yen terms and 14.9 percent in volume terms.

Japanese imports from the United States fell 4.1 percent in 1998, the first decline in five years, to 8.77 trillion yen. Much of the drop was the result of a 38.7 percent decline in lumber imports and a 14.2 percent slide in imports of semiconductors and electronic equipment.

Japan's trade surplus with other Asian countries contracted 36 percent to 3.97 trillion yen, the first drop in two years.

The surplus with the European Union climbed 68.1 percent last year.

The global trade surplus, which has expanded for two straight years, is the largest since the Finance Ministry began keeping the data in 1976.

"Global exports are not likely to grow sharply, given the declining trend in exports to Asia, and a series of stimulus packages taken to date are expected to have a positive impact on the economy," in Japan, a ministry official said. "That is helping boost import volumes eventually." (Bridge News, AP, AFP)

Microsoft to Invest in U.K. Cable Firm

Bloomberg News

REDMOND, Washington — Microsoft Corp. said Monday that it would invest \$500 million in NTL Inc., the third-largest cable TV company in Britain, to speed delivery of high-speed phone, video and Internet services in Britain and Ireland.

Microsoft, the world's largest software company, also said it would split its stock 2-for-1 in March, its eighth split in 13 years, after shares more than doubled in the past year on record sales. Its shares rose \$5.50 to \$161.75 in late trading. Shares of NTL, which is based in New York despite operating in Britain, gained \$14.8125 to \$82.50.

Microsoft's investment in the cable and telecommunications operator fits its strategy to back faster Internet avenues in order to sell more programs for use on the Web, including software for digital TV and Internet commerce.

"This gives them a showcase where

they can distribute and test all of their high-speed interactive products," said Paul Sharma of Henderson Crosthwaite Institutional Brokers in London, and serve as a "reference site" for the European market.

Microsoft has invested \$1 billion in the No. 4 U.S. cable operator, Comcast Corp., and \$425 million in WebTV Networks, which links TV sets to the Internet.

NTL owns TV and radio broadcasting towers and a national fiber-optic telephone network, and has built Britain's third-biggest cable company through its \$1.54 billion acquisition of Comtel and Diamond Cable Communications PLC last year.

NTL plans to start a digital cable TV service in the first half of this year that will offer more channels, clearer pictures and sound, and interactive services such as shopping, banking and Internet access. In December it said it expected to

buy the soccer team Newcastle United to enhance its sports programming. That purchase is dependent on a regulatory decision expected in March.

Last week NTL said it would offer a TV-based Internet service that would work on the TV Navigator software developed by Network Computer, whose investors include two Microsoft rivals, Oracle Corp. and Netscape Communications Corp. The partnership with Microsoft will not change those plans, Leigh Wood, NTL's chief operating officer, said in an interview.

"This doesn't change what we're going to do in the U.K. at all," she said. "It will put them in a preferred provider position, but we have not made any commitments to changing the specifics in our systems today."

NTL has also said it plans to offer a high-speed Internet service for personal computer users that will use cable modems manufactured by 3Com Corp.

Thinking Ahead / Commentary

Time to Listen to France on Iraqi Oil?

Sanctions Have Neither Toppled Saddam Nor Ended Quest for Arms

By Reginald Dale
International Herald Tribune

WASHINGTON — Most serious students of economic sanctions agree that they only rarely, if ever, achieve their objectives, that they tend to hurt the wrong people and that they are often counterproductive.

In the United States, the prime wielder of these blunt clubs, opposition to the mindless use of sanctions is rising. Even the hitherto sacrosanct trade embargo against Cuba, soon to celebrate its fourth decade of failing to unseat Fidel Castro, is increasingly called into question.

So why have so many Americans angrily trashed a French suggestion that the time has come to end the oil embargo against Iraq, subject to new methods of monitoring Iraqi behavior?

Sanctions against Iraq have so far conformed to the general pattern. They have neither toppled President Saddam nor ended his quest for weapons of mass destruction. But they have brought great hardship to the Iraqi people and helped to turn Arab opinion against the United States.

Even Washington has proposed that Iraq be allowed to sell more oil under a program permitting it to buy food, medicine and other items approved by the United Nations.

Since Iraq is already having trouble selling enough oil to meet its current quota under the program, it is not clear that either the U.S. or the French approach would change much in practice — or that their effects would be very different. Yet the French idea has been widely dismissed in the American media as a cynical stab in the back. Partly, of course, that is due to a knee-jerk response in which some Americans treat any initiative by France as a selfish bid to advance French interests at the expense of the United States.

Besides that, however, there seems to be a general political taboo in Washington against questioning sanctions against Iraq. Like Mr. Castro, Mr. Saddam is widely

regarded as an evil figure who has put himself beyond the pale by challenging U.S. power.

The two cases are admittedly different. Mr. Saddam is far more dangerous than Mr. Castro. And while the Cuban embargo is applied by the United States alone, sanctions against Iraq are backed by virtually the entire world, theoretically giving them a better chance of success. But for Washington effectiveness is not the only criterion.

Removing the sanctions against Iraq, it is said, would "reward" Mr. Saddam for bad behavior (although it is hard to see how he could be encouraged to behave worse) and send the wrong signal to the Arab world by implying that it pays to defy America.

But the costs of keeping the sanctions may be greater. They allow Mr. Saddam, like Mr. Castro, to blame the United States for the damage he has done to his own country.

The sanctions may actually entrench Mr. Saddam in power by tightening his control over the necessities of life for Iraqis, and by preventing the emergence of a middle class that might oppose him more strongly. Illicit sanctions busting is almost certainly enriching Mr. Saddam and his military supporters and providing clandestine funds for his weapons program.

THE FUNDAMENTAL question is whether significantly more money would go to weapons if the oil embargo were removed. There is little hard evidence that the answer is yes. It is not clear how much Iraqi oil revenues would rise, or how much of any increase would be spent on arms.

According to Gary Hufbauer of the Institute for International Economics, most U.S. estimates vastly exaggerate the share of Iraqi government receipts devoted to weapons acquisition.

In any case, the French are calling for strict financial monitoring of all future oil receipts, and say sanctions could be reintroduced at any moment if necessary. Their ideas deserve a fairer hearing.

E-mail address: Thinkahead@washpost.com

CURRENCY RATES

Jan. 25					Other Dollar Values					Jan. 25				
Cross Rates														
	\$	£	FF	Yen	CS	Dane	Greek	Swede						
London	1.6574	—	2.2914	188.84	215.92	12.0634	61.17	12.8126	Argentine	0.0996	Hong Kong	7.7498	Malaysian	1.48
New York (D)	—	1.6554	—	139.66	1.5178	6.417	278.25	7.7195	Australia	0.65	Hong Kong	7.7498	Malaysian	1.48
Tokyo	114.50	189.57	82.80	—	75.43	17.81	1.84	1.453	Canada	0.65	India	47.50	Israeli sheqel	4.85
Frankfurt	1.5188	2.0919	1.0946	1.231	—	0.2961	0.5458	0.1948	France	1.00	Indonesia	1,500.00	Japanese yen	100.00
Zurich	1.38445	2.294	—	—	1.1281	0.9137	7.2535	0.4953	1.7191	Germany	1.00	Norway	4.75	
One euro	1.159	0.689	1.2964	132.64	1.7638	7.4437	322.10	8.952	Italy	1.00	Pakistan	20.00	Philippine peso	46.00
One SDR	1.4016	0.8485	1.5797	159.36	2.1273	8.9737	389.513	10.8848	Spain	1.00	Singapore	1.35	Sri Lanka	20.00
Interbank rates including commission.														
* To buy you pay cash; & to buy one dollar: *Par 100; N.A.S. not quoted; N.A.S. not available.														
ADIF: Special drawing rights of the IMF.														
Source: Bank of Tokyo-Mitsubishi (Japan); Royal Bank of Canada (Toronto); Banque de France (Paris); IMF (DCG); Other rates from Reuters.														
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Austrian schilling	13.7603	British pound	1.05637											
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THE AMERICAS

Lower Investment Earnings Hit Citigroup

Bloomberg News
NEW YORK — Citigroup, the world's largest financial-services company, said Monday its fourth-quarter earnings fell 53 percent as declines in income from investments and the Salomon Smith Barney brokerage unit overwhelmed gains in retail banking and credit cards.

Nonetheless, the results beat analysts' expectations. Net income, which included a restructuring charge of \$703 million and other charges, fell to \$677 million from \$1.44 billion.

Citigroup said profit from operations fell to \$1.4 billion, or 60 cents a share, from \$1.93 billion, or 80 cents a share, in the fourth quarter of 1997. Analysts had expected the company, which was formed by the \$37.4 billion combination of Travelers Group Inc. and Citicorp, to earn 56 cents a share on an operating basis, according to a survey by First Call Corp.

Citigroup's profit from consumer operations rose 20 percent, to \$901 million. North American banking and lending profit rose 49 percent, to \$414 million; total North American consumer

income rose 32 percent, to \$730 million.

International consumer profit rose 13 percent, to \$256 million, as a 62 percent increase in profit from the Asia-Pacific region, to \$120 million, outpaced a decline of 49 percent in Latin America, to \$29 million.

Total corporate banking profit fell 21 percent, to \$464 million. Profit at Salomon Smith Barney, the investment banking unit of Citigroup, fell 94 percent, to \$13 million. Salomon Smith Barney's trading profit dropped 49 percent, to \$122.5 million, while its noninterest expense rose 10 percent, to \$2.19 billion, driven by an 11 percent increase in compensation and benefits.

Citigroup's income from investment activities plunged to \$1 million from \$530 million a year earlier, because of a loss on an investment in Latin America, reduced emerging markets debt sales and lower insurance portfolio gains.

The credit card portfolio improved, as loans 90 days or more past due declined to 1.45 percent from 1.77 percent in the third quarter of 1997 and 1.49 percent in the fourth quarter of 1998.

AT&T's Operating Profit Rises 42%

AT&T Corp., the largest U.S. telephone company, said fourth-quarter earnings rose 42 percent on lower expenses and faster revenue growth from new services.

Profit from continuing operations rose to \$1.77 billion, or \$1 per share, from \$1.25 billion, or 69 cents a share, in the year-earlier quarter. That matched the average estimate of \$1 a share from analysts polled by First Call Corp. Sales rose 4.8 percent to \$13.5 billion.

When C. Michael Armstrong took the helm at AT&T in November 1997, he moved the once staid company into the fast-growing fields of wireless, Internet and data services while eliminating billions of dollars in costs. The company cut 18,000 jobs last year while introducing a series of services.

"We have seen proof every single quarter since Armstrong took over that progress is being made," Tod Jacobs of Sanford C. Bernstein & Co. said.

AT&T said it expected to earn 92 cents to 95 cents a share in the first quarter.

Dollar Lower Against Yen

NEW YORK — The dollar slipped against the yen Monday as the Japanese currency recovered ground after Chinese officials called for a yuan devaluation.

"The yen is gaining back some ground on the back of several rounds of denial from the Chinese authorities," said Lisa Finstrom of Salomon Smith Barney Inc.

A devaluation in the yuan would

FOREIGN EXCHANGE

make China's exports cheaper and threaten Japanese exporters' sales.

Dealers said traders flocked to the dollar from the yen after an official Chinese newspaper report suggested that a yuan devaluation "would not definitely be a bad thing." But the yen stabilized after Chinese officials, including Prime Minister Zhu Rongji, said Beijing remained committed to a stable yuan.

In 4 P.M. trading, the dollar was at 113.905 yen, down from 114.425 yen Friday. The euro was at \$1.1553, down from \$1.1567 on Friday, as a report showing that German inflation remained tame rekindled speculation that the European Central Bank might reduce interest rates. Prices of imported goods in Germany fell 0.4 percent in December, taking the annual rate of decline to 6.0 percent.

But the head of the European Central Bank, Wim Duisenberg, reiterated Monday that benchmark interest rates would not be reduced in "the foreseeable future."

Against other currencies, the dollar rose to 1.3870 Swiss francs from 1.3820 francs. The pound rose to \$1.6570 from \$1.6563.

(Bridge News, Bloomberg, Reuters)

Microsoft and 3M Power Market, but Phone Shares Fall

NEW YORK — U.S. stocks were largely higher Monday as computer-related shares rallied on Microsoft's decision to split its stock but phone shares fell after local providers lost a court battle with long-distance companies.

The Dow Jones industrial average rose 82.63 points to close at 9,203.32.

U.S. STOCKS

with Minnesota Mining & Manufacturing accounting for the bulk of the gain. Fifteen stocks declined for every fourteen that gained on the New York Stock Exchange.

The Standard & Poor's 500-stock index was 8.79 points higher at 1,233.98, and the technology-heavy Nasdaq composite index rose 30.43 points to 2,369.31, powered by Microsoft's gains.

Microsoft was the most active stock, gaining 5% to 161 1/4 after announcing it would split its stock 2-for-1. It also agreed to invest \$500 million in NTL, a British cable company, to speed delivery of high-speed voice, video and Internet services in Britain and Ireland.

"Investors are saying that it will surprise on the upside again and again," said Stanley Nabl, chief investment officer at DLJ Investment Management.

Stocks were also bolstered by further signs of strength in the U.S. economy, as sales of existing homes

hit a record \$4.78 billion last year, a 13.5 percent increase over 1997.

Bonds fell for the first time in three days as the strong housing sales left traders little incentive to buy government securities. The benchmark 30-year Treasury bond fell 16/32 to 102, raising its yield to 5.12 percent from 5.08 percent.

Stock investors took heart when the president of the Federal Reserve Bank of Philadelphia said the Federal Reserve Board was prepared to take action as it did last year should Brazil's devaluation of its currency spark turmoil akin to the ruble crisis

last summer. The official, Edward

Boehne, was referring to the Fed's decisions to cut a key interest rate three times in rapid succession.

Strong earnings reports helped lift the market. 3M rose 3 1/8 to 75 1/4, leading the pack after reporting stronger-than-expected fourth-quarter results, even though profit was 42 percent below the like

quarter a year earlier. American Express gained 3/4 to 101 1/4, a 12 percent increase in fourth-quarter earnings, and Citigroup rose 1/4 to 53 1/4 as it also beat forecasts despite a decline in profit.

Phone stocks fell after the regional

Bell operating companies lost a battle with long-distance companies. The U.S. Supreme Court made it easier for competitors to enter the \$100 billion local phone business.

BellSouth fell 1/16 to 43, and Bell Atlantic slipped 1/4 to 54 7/16.

Merck fell 1 1/2 to 137 1/2 after it ended testing on an anti-depressant called MK-869 that had been seen as a possible rival to Eli Lilly's Prozac.

"If this company can disappoint anyone, it can," said James Gribbell of David L. Babson & Co.

(Bloomberg, Reuters, AP)

OVITZ: Hollywood Titan Signs Up Robin Williams as He Raids Former Allies

Continued from Page 11

Michael Eisner, the Disney chairman who fired him after he joined the company from Creative Artists.

At Universal, Ron Meyer, president and chief operating officer of Universal Studios and Mr. Ovitz's former partner at Creative Artists and once his closest friend, barely speaks to him now.

As an agent, Mr. Ovitz helped start Creative Artists in the 1970s and turned it into a powerhouse representing top stars and directors.

Since leaving the agency in 1995 — his settlement agreement may have run higher than \$50 million — Mr. Ovitz's career has been marked by 15 months as president of Disney, until he was dismissed by Mr. Eis-

ner, the chairman. At the time, Mr. Ovitz walked away with a settlement package of cash and stock that may have been worth \$100 million.

Since then, his \$20 million investment in Livent Inc., the theater company, has turned to shreds amid accusations that the company's founder, Garth Drabinsky, and others engaged in financial irregularities.

More recently, Mr. Ovitz started Artists Management Group, which seeks to manage film stars, directors and writers.

Mr. Ovitz has told friends that he wants to emulate Brillstein-Grey, the largest and most successful management company. It was founded by Bernie Brillstein, a veteran manager

whose clients included many top comedians, and is now run by Brad Grey. Both men are highly respected in the entertainment business. The company's clients range from Brad Pitt, Sylvester Stallone and Adam Sandler to the writers Elmore Leonard and Larry McMurtry.

Its financial success, though, is largely based on its television production. Brillstein-Grey has financed such current shows as "The Sopranos," NBC's "News Radio" and ABC's "Politically Incorrect."

Mr. Brillstein, who has tangled with Mr. Ovitz, seemed to sum up the feeling about him. "This guy has a knack of putting fear into people in this town," he said.



Very briefly:

- The U.S. government posted a budget deficit of \$5.41 billion in December, well above estimates, but analysts said it would still report a surplus for fiscal 1998.
- LucasVarity PLC, a British maker of car parts, rejected a takeover bid from a U.S. rival, Federal-Mogul Corp., valued at 280 pence (\$4.63) for each LucasVarity share.
- CNR Baneshares Inc. is negotiating to buy National City Baneshares for about \$588.6 million in stock as it seeks to expand in its Indiana home region.
- AMR Corp., the parent of American Airlines, is planning to build a \$9.9-billion terminal at New York's John F. Kennedy International Airport to counter expansion by rivals.
- Eli Lilly & Co. settled a patent lawsuit over its anti-depressant Prozac, agreeing to a one-time \$4 million payment to three other companies, which will be prohibited from making a generic equivalent of Prozac.
- Chile posted a trade deficit for 1998 of \$2.5 billion on exports of \$14.89 billion and imports of \$17.39 billion.
- News Corp. started a promotional marketing campaign with a leading Internet media company, Yahoo! Inc., spanning television, cable television and the Internet. Reuters, Bloomberg

Weekend Box Office

LOS ANGELES — "Varsity Blues" dominated the U.S. box office over the weekend, with a gross of \$10.6 million. Following are the Top 10 moneymakers, based on Saturday's ticket sales and estimated sales for Sunday.

	1. Varsity Blues	2. Puck Adams	3. A Christmas Carol	4. The Hot Chick	5. Stepmom	6. A Little Princess	7. The Prince of Egypt	8. The Shaggy Dog	9. A Simple Plan	10. A Simple Plan
Weekend Gross	\$10.6 million	\$4.1 million	\$3.8 million	\$3.5 million	\$3.4 million	\$3.3 million	\$3.2 million	\$3.1 million	\$3.0 million	\$2.9 million
Weekend Change	+10.6	+4.1	+3.8	+3.5	+3.4	+3.3	+3.2	+3.1	+3.0	+2.9
Weekend Percent	100%	39%	36%	33%	32%	31%	30%	29%	28%	27%

U.S. STOCK MARKET DIARY

Index	High	Low	Open	Close	Change
Dow Jones	9203.32	9120.79	9150.00	9203.32	+82.63
S&P 500	1233.98	1225.00	1230.00	1233.98	+8.79
NASDAQ	2369.31	2338.88	2350.00	2369.31	+30.43
AMEX	205.81	204.00	204.50	205.81	+0.81

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Monday, Jan. 25

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INTERNATIONAL FUTURES

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Court Ruling Is a Boost For Rivals of the Bells

WASHINGTON — The regional Bell telephone companies lost a high-stakes battle with long-distance companies Monday as the U.S. Supreme Court made it easier for competitors to enter the \$100 billion local telephone business.

The high court said the 1996 Telecommunications Act authorized the Federal Communications Commission, not the states, to set the rules on prices and terms the five Bell companies can demand from rivals in return for access to their networks.

That is a setback for the Bells because state regulators were expected to be more generous to the local carriers than federal rulemakers would be, and it helps MCI WorldCom Inc. and others who hope to seize a chunk of the Bells' monopolies.

"This is a huge victory for the FCC and competitors, a huge setback for local phone companies," said Scott Cleland, managing director of Legg Mason Inc.'s Precursor Group. "This changes the field of play significantly and puts the local phone companies on the defensive."

The high court also upheld a federal rule barring the Bells from disassembling individual elements of their networks, such as lines and equipment connecting individual home or office phones to the telephone system, before leasing them to a potential rival. The court gave that clause a narrow interpretation, with Justice Antonin Scalia saying it was "ambiguous" as to whether the Bells had to offer the elements on a packaged basis. He said the rule had been aimed only at preventing the Bells from "disconnecting previously connected elements."

In addition, the high court said potential competitors would not be able to demand that the Bells offer them particular provisions in lease contracts that the carriers are offering to other companies. Although new rivals can demand that the B

NYSE

Monday's 4 P.M. Close
The 2,500 most traded stocks of the day.
National price and reflecting late trades elsewhere.
The Associated Press.

Stock	Dr	Yd	PE	100 High	Low/Last	Chg
IBM	120	120	120	120	120	120
Microsoft	120	120	120	120	120	120
Apple	120	120	120	120	120	120
Amazon	120	120	120	120	120	120
Google	120	120	120	120	120	120
Facebook	120	120	120	120	120	120
Twitter	120	120	120	120	120	120
LinkedIn	120	120	120	120	120	120
YouTube	120	120	120	120	120	120
Netflix	120	120	120	120	120	120
Spotify	120	120	120	120	120	120
Twitter	120	120	120	120	120	120
LinkedIn	120	120	120	120	120	120
YouTube	120	120	120	120	120	120
Netflix	120	120	120	120	120	120
Spotify	120	120	120	120	120	120

Stock	Dr	Yd	PE	100 High	Low/Last	Chg
IBM	120	120	120	120	120	120
Microsoft	120	120	120	120	120	120
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Facebook	120	120	120	120	120	120
Twitter	120	120	120	120	120	120
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YouTube	120	120	120	120	120	120
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Spotify	120	120	120	120	120	120
Twitter	120	120	120	120	120	120
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YouTube	120	120	120	120	120	120
Netflix	120	120	120	120	120	120
Spotify	120	120	120	120	120	120

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Stock	Dr	Yd	PE	100 High	Low/Last	Chg
IBM	120	120	120	120	120	120
Microsoft	120	120	120	120	120	120
Apple	120	120	120	120	120	120
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Spotify	120	120	120	120	120	120

Continued on Page 15

1500 نال الامل

NASDAQ

Monday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

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 7. 凡在本行開辦之各項業務，均應遵守本行所定之規章及各項辦法，並應隨時注意本行所發之各項通知及公告，如有違反者，本行得隨時取消其資格，並得向有關機關報告。
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 9. 凡在本行開辦之各項業務，均應遵守本行所定之規章及各項辦法，並應隨時注意本行所發之各項通知及公告，如有違反者，本行得隨時取消其資格，並得向有關機關報告。
 10. 凡在本行開辦之各項業務，均應遵守本行所定之規章及各項辦法，並應隨時注意本行所發之各項通知及公告，如有違反者，本行得隨時取消其資格，並得向有關機關報告。

此項工程係由本局承辦，現已開工，預計於本年內完工。工程範圍包括：(一) 填築堤防，(二) 疏濬河道，(三) 興建水閘，(四) 修築道路。工程經費由本局撥發，並向有關機關申請補助。工程進度如下：(一) 填築堤防，已填築長度約五百公尺，(二) 疏濬河道，已疏濬長度約一千公尺，(三) 興建水閘，已興建完竣，(四) 修築道路，已修築長度約五百公尺。工程經費已撥發，並向有關機關申請補助。工程進度如下：(一) 填築堤防，已填築長度約五百公尺，(二) 疏濬河道，已疏濬長度約一千公尺，(三) 興建水閘，已興建完竣，(四) 修築道路，已修築長度約五百公尺。

[illegible][illegible][illegible][illegible]

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

[illegible][illegible]

第 二 章 第 二 節 有 限 公 司 第 二 十 八 條

[illegible][illegible]

一、本會為維護會員權益，特訂定本會章程，凡加入本會者，均須遵守。
 二、本會之宗旨，在於促進會員間之交流與合作，共同發展，以謀福利。
 三、本會之組織，由會員大會、理事會及監事會組成，各司其職，共同管理。
 四、本會之經費，由會員繳納會費及捐款組成，用於會務之正常運作。
 五、本會之活動，包括學術研討、座談會、展覽等，旨在提高會員之專業素養。
 六、本會之服務，包括提供資訊、諮詢及法律服務，以協助會員解決問題。
 七、本會之榮譽，包括頒發獎狀、證書，以表彰在專業領域有傑出貢獻之會員。
 八、本會之關係，包括與其他專業團體之合作，共同推動行業之進步。
 九、本會之未來，將繼續秉承宗旨，不斷完善組織，為會員提供更多服務。
 十、本會之聲明，凡加入本會者，即表示同意以上章程，並遵守其規定。

[illegible]**AMEX**

Monday's 4 P.M. Close
The 150 most traded stocks of the day,
up to the closing on Wall Street.
The Associated Press.

[illegible]

Deck	Score	High	Low	Label	Opp	Score
1	100	100	100	100	100	100
2	100	100	100	100	100	100
3	100	100	100	100	100	100
4	100	100	100	100	100	100
5	100	100	100	100	100	100
6	100	100	100	100	100	100
7	100	100	100	100	100	100
8	100	100	100	100	100	100
9	100	100	100	100	100	100
10	100	100	100	100	100	100
11	100	100	100	100	100	100
12	100	100	100	100	100	100
13	100	100	100	100	100	100
14	100	100	100	100	100	100
15	100	100	100	100	100	100
16	100	100	100	100	100	100
17	100	100	100	100	100	100
18	100	100	100	100	100	100
19	100	100	100	100	100	100
20	100	100	100	100	100	100
21	100	100	100	100	100	100
22	100	100	100	100	100	100
23	100	100	100	100	100	100
24	100	100	100	100	100	100
25	100	100	100	100	100	100
26	100	100	100	100	100	100
27	100	100	100	100	100	100
28	100	100	100	100	100	100
29	100	100	100	100	100	100
30	100	100	100	100	100	100
31	100	100	100	100	100	100
32	100	100	100	100	100	100
33	100	100	100	100	100	100
34	100	100	100	100	100	100
35	100	100	100	100	100	100
36	100	100	100	100	100	100
37	100	100	100	100	100	100
38	100	100	100	100	100	100
39	100	100	100	100	100	100
40	100	100	100	100	100	100
41	100	100	100	100	100	100
42	100	100	100	100	100	100
43	100	100	100	100	100	100
44	100	100	100	100	100	100
45	100	100	100	100	100	100
46	100	100	100	100	100	100
47	100	100	100	100	100	100
48	100	100	100	100	100	100
49	100	100	100	100	100	100
50	100	100	100	100	100	100
51	100	100	100	100	100	100
52	100	100	100	100	100	100
53	100	100	100	100	100	100
54	100	100	100	100	100	100
55	100	100	100	100	100	100
56	100	100	100	100	100	100
57	100	100	100	100	100	100
58	100	100	100	100	100	100
59	100	100	100	100	100	100
60	100	100	100	100	100	100
61	100	100	100	100	100	100
62	100	100	100	100	100	100
63	100	100	100	100	100	100
64	100	100	100	100	100	100
65	100	100	100	100	100	100
66	100	100	100	100	100	100
67	100	100	100	100	100	100
68	100	100	100	100	100	100
69	100	100	100	100	100	100
70	100	100	100	100	100	100
71	100	100	100	100	100	100
72	100	100	100	100	100	100
73	100	100	100	100	100	100
74	100	100	100	100	100	100
75	100	100	100	100	100	100
76	100	100	100	100	100	100
77	100	100	100	100	100	100
78	100	100	100	100	100	100
79	100	100	100	100	100	100
80	100	100	100	100	100	100
81	100	100	100	100	100	100
82	100	100	100	100	100	100
83	100	100	100	100	100	100
84	100	100	100	100	100	100
85	100	100	100	100	100	100
86	100	100	100	100	100	100
87	100	100	100	100	100	100
88	100	100	100	100	100	100
89	100	100	100	100	100	100
90	100	100	100	100	100	100
91	100	100	100	100	100	100
92	100	100	100	100	100	100
93	100	100	100	100	100	100
94	100	100	100	100	100	100
95	100	100	100	100	100	100
96	100	100	100	100	100	100
97	100	100	100	100	100	100
98	100	100	100	100	100	100
99	100	100	100	100	100	100
100	100	100	100	100	100	100

[illegible]

Low	Lead	Org
1273	1273	+0.0
1274	1274	+0.0
1275	1275	+0.0
1276	1276	+0.0
1277	1277	+0.0
1278	1278	+0.0
1279	1279	+0.0
1280	1280	+0.0
1281	1281	+0.0
1282	1282	+0.0
1283	1283	+0.0
1284	1284	+0.0
1285	1285	+0.0
1286	1286	+0.0
1287	1287	+0.0
1288	1288	+0.0
1289	1289	+0.0
1290	1290	+0.0
1291	1291	+0.0
1292	1292	+0.0
1293	1293	+0.0
1294	1294	+0.0
1295	1295	+0.0
1296	1296	+0.0
1297	1297	+0.0
1298	1298	+0.0
1299	1299	+0.0
1300	1300	+0.0
1301	1301	+0.0
1302	1302	+0.0
1303	1303	+0.0
1304	1304	+0.0
1305	1305	+0.0
1306	1306	+0.0
1307	1307	+0.0
1308	1308	+0.0
1309	1309	+0.0
1310	1310	+0.0
1311	1311	+0.0
1312	1312	+0.0
1313	1313	+0.0
1314	1314	+0.0
1315	1315	+0.0
1316	1316	+0.0
1317	1317	+0.0
1318	1318	+0.0
1319	1319	+0.0
1320	1320	+0.0
1321	1321	+0.0
1322	1322	+0.0
1323	1323	+0.0
1324	1324	+0.0
1325	1325	+0.0
1326	1326	+0.0
1327	1327	+0.0
1328	1328	+0.0
1329	1329	+0.0
1330	1330	+0.0
1331	1331	+0.0
1332	1332	+0.0
1333	1333	+0.0
1334	1334	+0.0
1335	1335	+0.0
1336	1336	+0.0
1337	1337	+0.0
1338	1338	+0.0
1339	1339	+0.0
1340	1340	+0.0
1341	1341	+0.0
1342	1342	+0.0
1343	1343	+0.0
1344	1344	+0.0
1345	1345	+0.0
1346	1346	+0.0
1347	1347	+0.0
1348	1348	+0.0
1349	1349	+0.0
1350	1350	+0.0
1351	1351	+0.0
1352	1352	+0.0
1353	1353	+0.0
1354	1354	+0.0
1355	1355	+0.0
1356	1356	+0.0
1357	1357	+0.0
1358	1358	+0.0
1359	1359	+0.0
1360	1360	+0.0
1361	1361	+0.0
1362	1362	+0.0
1363	1363	+0.0
1364	1364	+0.0
1365	1365	+0.0
1366	1366	+0.0
1367	1367	+0.0
1368	1368	+0.0
1369	1369	+0.0
1370	1370	+0.0
1371	1371	+0.0
1372	1372	+0.0
1373	1373	+0.0
1374	1374	+0.0
1375	1375	+0.0
1376	1376	+0.0
1377	1377	+0.0
1378	1378	+0.0
1379	1379	+0.0
1380	1380	+0.0
1381	1381	+0.0
1382	1382	+0.0
1383	1383	+0.0
1384	1384	+0.0
1385	1385	+0.0
1386	1386	+0.0
1387	1387	+0.0
1388	1388	+0.0
1389	1389	+0.0
1390	1390	+0.0
1391	1391	+0.0
1392	1392	+0.0
1393	1393	+0.0
1394	1394	+0.0
1395	1395	+0.0
1396	1396	+0.0
1397	1397	+0.0
1398	1398	+0.0
1399	1399	+0.0
1400	1400	+0.0

NYSE

Monday's 4 P.M. Close
(Continued)

[illegible][illegible][illegible][illegible][illegible]

Large	12 Month High	Low	Stock	Div Yld	PE	100s High	Low	Latent
V-n-c								
100	100	100	100	100	100	100	100	100
101	101	101	101	101	101	101	101	101
102	102	102	102	102	102	102	102	102
103	103	103	103	103	103	103	103	103
104	104	104	104	104	104	104	104	104
105	105	105	105	105	105	105	105	105
106	106	106	106	106	106	106	106	106
107	107	107	107	107	107	107	107	107
108	108	108	108	108	108	108	108	108
109	109	109	109	109	109	109	109	109
110	110	110	110	110	110	110	110	110
111	111	111	111	111	111	111	111	111
112	112	112	112	112	112	112	112	112
113	113	113	113	113	113	113	113	113
114	114	114	114	114	114	114	114	114
115	115	115	115	115	115	115	115	115
116	116	116	116	116	116	116	116	116
117	117	117	117	117	117	117	117	117
118	118	118	118	118	118	118	118	118
119	119	119	119	119	119	119	119	119
120	120	120	120	120	120	120	120	120
121	121	121	121	121	121	121	121	121
122	122	122	122	122	122	122	122	122
123	123	123	123	123	123	123	123	123
124	124	124	124	124	124	124	124	124
125	125	125	125	125	125	125	125	125
126	126	126	126	126	126	126	126	126
127	127	127	127	127	127	127	127	127
128	128	128	128	128	128	128	128	128
129	129	129	129	129	129	129	129	129
130	130	130	130	130	130	130	130	130
131	131	131	131	131	131	131	131	131
132	132	132	132	132	132	132	132	132
133	133	133	133	133	133	133	133	133
134	134	134	134	134	134	134	134	134
135	135	135	135	135	135	135	135	135
136	136	136	136	136	136	136	136	136
137	137	137	137	137	137	137	137	137
138	138	138	138	138	138	138	138	138
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142	142	142	142	142	142	142	142	142
143	143	143	143	143	143	143	143	143
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146	146	146	146	146	146	146	146	146
147	147	147	147	147	147	147	147	147
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167	167	167	167	167	167	167	167	167
168	168	168	168	168	168	168	168	168
169	169	169	169	169	169	169	169	169
170	170	170	170	170	170	170	170	170
171	171	171	171	171	171	171	171	171
172	172	172	172	172	172	172	172	172
173	173	173	173	173	173	173	173	173
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202	202	202	202	202	202	202	202	202
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217	217	217	217	217	217	217	217	217
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221	221	221	221	221	221	221	221	221
222	222	222	222	222	222	222	222	222
223	223	223	223	223	223	223	223	223
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226	226	226	226	226	226	226	226	226
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228	228	228	228	228	228	228	228	228
229	229	229	229	229	229	229	229	229
230	230	230	230	230	230	230	230	230
231	231	231	231	231	231	231	231	231
232	232	232	232	232	232	232	232	232
233	233	233	233	233	233	233	233	233
234	234	234	234	234	234	234	234	234
235	235	235	235	235	235	235	235	235
236	236	236	236	236	236	236	236	236
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238	238	238	238	238	238	238	238	238
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240	240	240	240	240	240	240	240	240
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242	242	242	242	242	242	242	242	242
243	243	243	243	243	243	243	243	243
244	244	244	244	244	244	244	244	244
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247	247	247	247	247	247	247	247	247
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250	250	250	250	250	250	250	250	250
251	251	251	251	251	251	251	251	251
252	252	252	252	252	252	252	252	252
253	253	253	253	253	253	253	253	253
254	254	254	254	254	254	254	254	254
255	255	255	255	255	255	255	255	255
256	256	256	256	256	256	256	256	256
257	257	257	257	257	257	257	257	257
258	258	258	258	258	258	258	258	258
259	259	259	259	259	259	259	259	259
260	260	260	260	260	260	260	260	260
261	261	261	261	261	261	261	2	

[illegible]

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INTERNATIONAL INVESTING

Surge in On-Line Trading Causes Bottlenecks

By Richard A. Oppel Jr.
New York Times Service

NEW YORK — Many small investors are becoming frustrated with the limitations of U.S. stock trading over the Internet, even as they continue to pour money into the on-line brokerage firms that now account for one of every four retail stock trades in the United States.

But the same trading frenzy that is causing headaches for market makers is also causing trouble for market makers — the professional trading firms that match buyers with sellers or take the other side of trades themselves — forcing them to change their procedures to keep up. Some have quit trading the most popular stocks of on-line investors or shunt their automatic trading systems, delaying orders by up to 20 minutes.

Meanwhile, on-line brokerage firms are continuing to have problems such as Web pages that are slow to load, servers that crash out and some trades that fail to be executed.

Trying to cope with the turmoil, some brokerage firms, like Waterhouse Securities Inc., are requiring on-line investors to make trades in the most volatile stocks by talking to a broker instead of using a computer. Many firms, including Charles Schwab Corp., the on-line trading leader, have limited or eliminated the ability of customers to own some of their stock through margin loans. And others are scaling back the aggressive advertising that industry

analysts say has contributed to the Internet boom.

Still, investors and some industry officials worry that a big market tumble could completely freeze out on-line traders.

"If on normal days this doesn't work at all, that's a bad enough problem, but whenever there is a big downturn on the market, a lot of people are going to be shut out," said Steve Salgo, a computer programmer in Plano, Texas, who trades stock options from his home. He said he has changed on-line brokers eight times in hopes of improving performance, but things only got worse during the last few weeks. "Most of the time there is a slow response. And then sometimes there is no response."

But Bernard Madoff, whose firm, Bernard Madoff Investment Securities, is one of the largest market makers, said, "This thing is not going to stop until people start losing money. I've never seen this type of mania, people trading 100 and 200 shares without any regard to fundamentals."

Attempting to address the extreme volatility in some stocks and initial public offerings, a special Nasdaq committee of market makers, brokerage firms and other industry officials will meet again Monday to discuss whether to recommend any trading rule changes to the Securities and Exchange Commission.

Already, the group has suggested extending the time market makers have to post prices before an initial

public offering begins trading, but the commission has not acted on the recommendation.

Other ideas under discussion include allowing Nasdaq officials to temporarily halt trading in extremely volatile stocks and requiring retail customers buying shares immediately following an initial public offering to place limit orders that guarantee they will not be filled at a price higher than they expected to pay, according to a participant in the discussions.

Analysts predict investors will see more Internet delays this week, even though popular high-flying stocks with on-line traders like Amazon.com Inc. and Yahoo Inc. have now fallen more than 30 percent from their highs two weeks ago. But some industry officials say the stunning rise in on-line trading volume this year has begun to level off.

Still, "I think it's going to take a slowdown in the market in combination with more infrastructure spending to turn this around. That will take months," said John Robb, co-founder of Gomez Advisors Inc., an Internet consulting firm in Concord, Massachusetts. He said on-line brokerage firms' failure rates — the number of times Web pages failed to load — rose 63 percent in the first week of January, compared with the average rate during the third quarter of 1998, and he said the situation has not improved since.

At Waterhouse, Web trading went down for about 35 minutes on Tues-

day and another few minutes Wednesday, said John Chapel, the company's president. For the time being, the firm has cut back advertising and prohibited trading in 10 stocks through its Web site, including Amazon.com and Yahoo. The firm has eliminated margin borrowing for the same 10 stocks, meaning customers who call Waterhouse to place a trade in those stocks must cover the entire price of their purchase with money in their accounts.

The temporary measures will be reversed when "the frothiness lifts," Mr. Chapel said.

The problems have spilled over to Nasdaq market makers, and at one point at least 16 had stopped trading Amazon.com, Mr. Madoff said.

Many that continue to trade the most volatile stocks have removed them from their automated trade systems and are executing them by hand, causing trades that normally take two to 20 seconds to take up to 20 minutes, he said.

While the most extreme volatility may have abated somewhat, industry analysts expect on-line trading growth to continue to surge throughout the year.

On-line trades now account for 25 percent to 30 percent of all U.S. retail stock trades, double their market share a year ago, according to Gomez Advisors. The firm expects the number of on-line brokerage accounts to top 10 million by the end of the year, up from 6.8 million at the end of 1998.

Bear or Bull? Or Is It Really a Bronco Market?

The Associated Press

NEW YORK — The great U.S. bull stock market is trampling some long-standing myths and traditions on Wall Street.

Take the Super Bowl indicator, a bit of whimsy that has enjoyed a nice 25-year run in financial folklore. Just about every year, it seemed, the outcome of the National Football League championship game in late January could be used as a cue for investors.

So what if it was utter coincidence? The record showed that stocks did poorly in any year after an original member of the American Football League won the game. Conversely, it was clear sailing for the market after a victory by any other NFL team.

Well, the Super Bowl indicator carried about as far as a blocked punt in 1998, when the Denver Broncos, of original AFL vintage, upset the Green Bay Packers — but the Standard & Poor's 500 went ahead and posted a 28 percent gain anyway.

So how can investors root against the Broncos this year, when they play a return engagement in

the Super Bowl, this time against the Atlanta Falcons?

Or consider the vaunted January effect, much studied by respected analysts of market history, who documented a clear tendency for stocks to do well in the first month of the year. It provided a strong inducement for active stock traders to look for bargains amid the stresses of year-end tax selling in December.

At this point, it's touch and go whether the market will finish January 1999 with any sort of clear-cut gain. Anyway, in recent times, investors apparently anticipating the January effect have pushed it further and further ahead on the calendar. This past year, looking at the charts, you would have to say it started around Oct. 10.

For years now the bull market has disdained traditional yardsticks of stock-price valuation, such as dividend yields and price-earnings ratios.

When the dividends paid by the stocks making up the popular blue-chip averages produced a yield of less than 3 percent or so, it was considered a reliable signal that prices were getting

too high. Now the yield is about 1.5 percent, meaning that prices have managed to double beyond the danger point.

When it came to price-earnings ratios for the blue-chip indexes, 20 to 1 or 25 to 1 was considered about as high as it ever ought to go. Lately, though, by many calculations P/E's have surpassed 30 to 1.

In the frenzied world of Internet stocks, the issue of P/E's can be shrugged off easily enough, since the companies often have no earnings, either present or imminently expected, on which to base a computation.

Few lamenters are being said over the Super Bowl indicator. But analysts like Norman Fosback, editor of the newsletter Market Logic, worry plenty about the market's departure from more serious standards.

He says it's like "a market that has reached the epitome of the silly season, in which stock prices have been set adrift from value, and where market participants are engaged largely in price speculation rather than long-term investment."

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STATEMENT OF CONDITION, DECEMBER 31, 1998

ASSETS	
Cash and Due from Banks	\$ 314,304,670
U.S. Government Securities	
Direct and Guaranteed	153,981,408
State and Municipal Securities	148,873,307
Federal Funds Sold	482,582,279
Loans and Discounts	1,046,242,310
Trading Assets	123,835,396
Customers' Liability on Acceptances	6,724,279
Interest and Other Receivables	58,985,363
Premises and Equipment, Net	44,820,988
Other Assets	30,773,573
	<u>\$2,412,304,175</u>
LIABILITIES	
Deposits	\$1,936,429,417
Federal Funds Purchased and Securities	
Federal Reserve Bank of New York	21,355,125
Acceptances: Less Amount in Portfolio	106,841,340
Acceptances: Less Amount in Portfolio	6,798,511
Accrued Expenses	81,851,121
Other Liabilities	48,830,161
Capital	\$ 65,000,000
Surplus	210,000,000
	<u>\$2,412,304,175</u>

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January 25, 1999

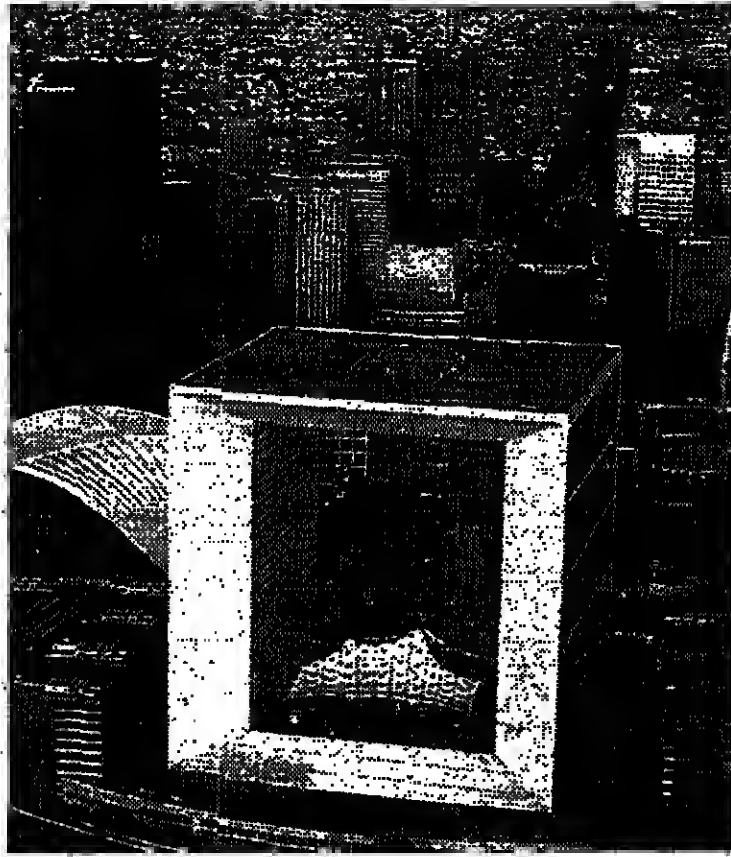
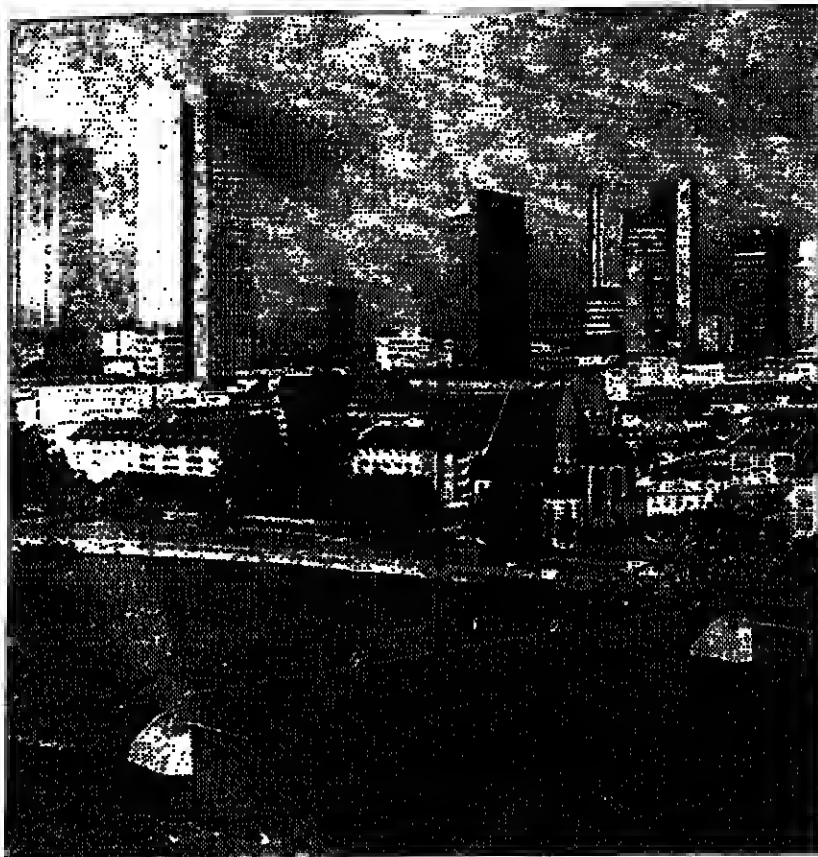
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SPONSORED SECTION

INVESTING IN EUROPEAN REAL ESTATE

Institutional investors in real estate are increasingly looking at Europe as one market. The introduction of the euro is fortifying the trend, which is in part driven by investors in the United States. While significant differences remain among national markets, the euro has eliminated currency exchange risk in the euro zone and brought about transparency. Investors can now more easily compare prices and rents in cities like Frankfurt (left) and Paris-La Défense (right).



INVESTORS SEE EMERGENCE OF A PAN-EUROPEAN MARKET

The euro will increase investment, liquidity and competition, but differences in national regulations and taxes mean the change will be gradual, not rapid.

The advent of the euro is reducing the currency risks involved in international property investment. While this is expected to lead to a pronounced upswing in inward flows to the 11 countries in the new euro zone during the next 18 months to two years, differing national regulations regarding taxation, the legal framework and tenure will still need to be taken into consideration to ensure good returns on real estate.

Building momentum

"The euro is part of a series of events going back many years," says David Seddon, partner for European business management at Jones Lang Wootton, an international real estate agency. "Many have already been looking at Europe as a single market, and the euro has hastened that prospect."

However, as he notes, "removal of the currency risk is only part of the story. The tax issue is itself the single greatest frustration to investors across Europe. I don't believe indications made by the German finance minister on tax harmonization will affect real estate," says Mr. Seddon, referring to Oskar Lafontaine. "They mainly concern fiscal control at the macro level, rather than property taxes."

His views are shared by Roddy Sloan, head of real estate fund management at the United Bank of Kuwait in London. He says that major European banks, Dutch and German in particular, are looking to invest in property "on a pan-European basis."

Paper or bricks?

"For the first time there is transparency in terms of rents and investor yields relative to bond yields. That is a very radical departure," says Mr. Sloan. "It is going to make a number of European markets more interesting and improve their liquidity."

UBK is setting its sights on Paris, having just launched the UBK French Property Company fund, which is expected to acquire assets worth up to \$100 million.

"France — and Paris in particular — is a good example of how the whole process is being encouraged by the euro," says Mr. Sloan. "There is a positive gap between bonds and real estate. The opposite is usually the case, but this has reversed over the past 12 to 18 months. There is a lot of pent-up momentum and at the same time a very positive underpinning."

"The euro enables a clear comparison between prices and rents" across borders, says Ronald Austin, a Paris-based partner at Clifford Chance, an international law firm. While the euro, he

'Property will increasingly become a tool of investment, rather than a collector's item'

says, "will make for a greater transparency of costs, say, between Frankfurt and Paris," he warns that each market will still offer "different legal and financial conditions and different expenses."

Local rules

In Mr. Austin's view, "property has always been something very local." While pressure from large users and investors could lead to some practices, such as the drawing up of leases, becoming more standardized, there are as yet "no plans for unifying rules on titles."

Investing in property in Europe "will become more dynamic, varied, complex and more competitive," says Steve Mallen, partner and head of research at Knight Frank in London. "But it will also become more flexible, more fluid

and more liquid." Property, he adds, "will become like a commodity." Because it will be more tradable, "it should attract more investment."

More changes demanded Mr. Mallen also expects securitized investments to grow and demands for tax efficiency and reliable pan-European performance indices to become more vociferous. "Overall," he insists, "property will increasingly become a tool of investment, rather than a collector's item."

However, as elsewhere in the industry, he warns that the impact of differing regulations in the individual countries will continue to act as a brake on the rapid development of a totally unified market. While removing currency risk "should in theory foster increased investment within Europe and encourage non-European funds and vehicles to enter a more transparent and less risky market, in practice, progress will be incremental."

Uncertainties will remain regarding European monetary union and the fact that each country still offers a "unique and complex" local property regime. The result, Mr. Mallen concludes, is that while "there are very powerful agents for change, the change is likely to be evolutionary."

Pamela Ann Smith

GLOBAL INVESTORS IN EUROPEAN REAL ESTATE SUMMIT

The Global Investors in European Real Estate Summit opens Tuesday in Paris. The two-day conference, organized by the Global Real Estate Institute, brings together institutional investors, real estate companies and multinational corporations.

FOR MORE INFORMATION ON THE EVENT, look at the Web site www.globalrealestate.org.

IT'S 'WAIT AND SEE' FOR THE 'OUTS'

Property yields are beating those of bonds, but is the gap sustainable outside the euro zone?

A wait-and-see attitude appears to be prevailing regarding international property investment in the main European Union countries — Denmark, Sweden, Britain and Greece — that remain outside the euro zone. Much will depend on the way in which the currencies of these countries respond to the advent of the euro.

Who's coming in?

"Our core assumption is that both Denmark and Sweden will become part of the European monetary union," says Roddy Sloan, head of real estate fund management at the United Bank of Kuwait in London, which handles investments on behalf of many Middle Eastern clients. "If you look at the bond yields, that perception also appears to be shared by others in the markets," he notes.

Nevertheless, because there is still some uncertainty about the intentions of Sweden and Denmark, interest rates are tending to remain higher in the two countries — as well as in

AMERICANS SEEK EUROPEAN TIES

Globally active clients are driving the entry of American real estate agencies into Europe.

In the past 18 months, four of the top five real estate service providers in the United States have joined forces with Europe-based companies. Having already undergone massive consolidation on their own soil, U.S.-based firms are now stretching across the Atlantic to take advantage of overseas opportunities, proving that the world is getting smaller and that the global economy is anybody's game.

Rush to partnership

In December 1997, the battle for the Richard Ellis name began. Insignia/ESG secured U.K.-based Richard Ellis Group as a cornerstone to its fledgling international brokerage base, but Insignia's coup was cut short by CB Commercial's merger with Richard Ellis International Ltd. In one fell swoop, CB Commercial had gained a significant international presence — not to mention a certain cachet — everywhere but in the United Kingdom.

Now called CB Richard Ellis, the firm solved its U.K. problem less than a year later, when it acquired the London-based Hillier Parker May & Rowden.

Cushman & Wakefield, a huge competitor for both CB Richard Ellis and Insignia/ESG domestically, was already involved in an eight-year relationship with the London-based agency Healy & Baker before it recently solidified the partnership with a merger.

Now, industry sources confirm that a merger between Jones Lang Wootton and U.S.-based LaSalle Partners, resulting in what will be known as Jones Lang LaSalle, is due to become official at the end of January.

Following opportunity

"Obviously, when four major U.S. service providers are going into Europe and putting large amounts of money there, they must see great opportunities," says Bill Rothe, senior executive managing director of global research and consulting at CB Richard Ellis. Witnessing firsthand the consolidation thrust in the United States, Mr. Rothe knows all too well the why and how behind Europe's real estate potential.

"Money has been flowing into U.S. real estate from Europe for many years, and it has now become apparent to U.S. investors that capital flows around the world with great ease and is invested in a number of different asset classes, real estate being one

of those assets," says Mr. Rothe, who contends that the introduction of the euro opens up the possibility for accelerated growth in European markets.

In anticipation of growth, U.S. service providers have positioned themselves out in front of that capital flow and have done so by aligning themselves with established Europe-based real estate companies.

Another trend driving the European markets is institutions' inclination to invest in real estate securities rather than in real estate directly. With European companies increasingly selling off their real estate to focus on their core businesses, a host of financial giants like Goldman Sachs, Morgan Stanley, AIG and Bankers Trust have already invested in European properties, particularly in non-performing loan portfolios.

"With the strength of the U.S. stock market, it is the American investors that are frequently driving some of the pan-Europeanization of the market," says Henri Alster, managing director of American European Inc. and chairman of the Global Real Estate Institute. Meanwhile, the door has opened for U.S. service providers to come in and play a larger role.

Responding to customers

CB Richard Ellis, Cushman & Wakefield and Insignia are all in a good position to provide services to corporate users who wish to outsource their real estate dealings. Alec Monaghan, managing director of European operations for Cushman & Wakefield, is already working with his European counterparts to seamlessly service its global clients.

"Having recently merged with Healy, what we've done to organize ourselves is to look at how they [Healy & Baker] are doing their real estate and seeing how to help them in more strategic ways and realigning ourselves to go after real estate on a more coordinated basis," says Mr. Monaghan, who is based in London.

Ultimately, U.S.-based real estate companies' clients are driving them to set up shop in Europe. "Global-oriented companies are looking for their real estate service providers to be global in nature too, so we're seeing U.S. service providers going over to Europe to provide that service to their clients," says Mr. Rothe.

Sandra Garcia

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SAXONY!

January 1, 1999

The Shareholders of Haussmann Holdings N.V. Change in Method of Net Asset Value Calculation

The decision has been taken to revise the method by which the Fund's net asset value is calculated for purposes of fixing the price to be used for offers of the Fund's shares, with effect from January 1, 1999. In light of current market conditions, it has been determined to be in the best interests of the Fund to both suspend the imposition of any premium (which has effectively been the case for some time now), and to no longer reflect the "ask" premiums, if any, attributable to the shares of other funds in the Fund's portfolio.

Notwithstanding the foregoing, in order not to penalize existing shareholders of the Fund, the calculation of the Fund's net asset value will henceforth reflect the "bid" premiums or discounts, if any, attributable to the Fund's investments. The effect of the foregoing is to simplify the calculation and presentation of the Fund's net asset value and eliminate the "spread" between net asset value, bid and asked prices. Henceforth, there will only be one published net asset value which will also be the price used for both offers and repurchases of the Fund's shares.

Britain — than in Euroland, says Mr. Sloan. As a result, while there is "an unprecedented gap" between the yields on real estate and those on bonds, with property yields higher, there is "a division of opinion on whether this will continue. There is a view that the gap is too big at the moment," he adds.

Meanwhile, he cites Sweden as a place to consider more closely. "Outside Stockholm — almost anywhere — there's a high positive yield gap" between bonds and real estate. Gross yields on property, Mr. Sloan says, are impressive, averaging from 7 percent to 10 percent.

In uncertain environment, some volatility "The problem in all four countries is one of uncertainty," affirms Steve Mallen, a partner and head of research at Knight Frank, a London-based real estate agency. "We've yet to see how their currencies settle down in the wake of the euro. There will be a certain amount of volatility, and that will make cross-border decisions more difficult. It will be a wait-and-see period."

In Britain, it will be particularly important for investors to consider the timing of any move they make, Mr. Mallen adds.

"Sterling could become a hedge currency against the euro and will almost certainly become a playground for market makers," adding still further to the currency's unpredictability. That will also make it difficult, he notes, to forecast future interest rates and levels of inflation and to assess the potential returns of a particular real estate investment.

High interest rates in Britain "have put a damper on residential investments," maintains Nick Orbell, development and marketing manager at Hutchison Whampoa Properties. However, he is optimistic that these rates will come down and produce "very favorable" returns in the U.K. property market.

"INVESTING IN EUROPEAN REAL ESTATE"

was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITERS: Sandra Garcia in New York and Pamela Ann Smith in London. PROGRAM DIRECTOR: Bill Mahler.

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INVESTING IN EUROPEAN REAL ESTATE: LYON

A window of opportunity is open in Lyon for international real estate investors to fill the strong demand for new, modern offices and industrial premises. The city is a strategic base for international companies, which cite its diversified industrial base, strong academic community and rich cultural environment as reasons for locating there. In addition, Lyon's logistical platform is at the heart of a dense highway, rail and air transport network offering quick links to regional markets.

Top: the Cité Internationale complex.
Bottom: TGV station at Lyon-Satolas International Airport.



DEMAND FOR COMMERCIAL SPACE OUTPACES SUPPLY

The scarcity of new office stock offers opportunities for investors.

After many difficult years, real estate markets in European cities are finally on the rebound, and France's second region, Greater Lyon, is no exception to the rule.

According to international real estate agency Cushman & Wakefield's third quarter 1998 report, "The French economy is seeing stronger growth as domestic demand has improved with stable inflation and low real interest rates. This is also encouraging a robust level of corporate investment, which will help to offset the weakening outlook for exports."

In 1997, 23 billion French francs (\$4 billion) were invested in commercial property in France, compared with 10.5 billion in 1996 and 3.3 billion in 1995, according to commercial property company Bourdais. The Lyon region is one of the areas that investors are taking a close look at.

On the upswing

"The market in Lyon is incontestably on the upswing," says Alain Schori, associate regional director of Auguste Thouard real estate agency and vice president of FNAIM Entreprises. A combination of continuing demand and declining supply make Lyon an especially attractive site for real estate investment at the moment. The city's available office stock dropped by 13 percent in 1997, to 234,500 square meters (2.5 million square feet). Only 12.6 percent of the available space was new or renovated, a decrease of 48 percent. During the same period, demand remained stable. A similar situation prevails in industrial premises, for which the offer dropped

by 13 percent and demand rose by 3 percent in 1997.

"In 1998," says Mr. Schori, "the volume placed was six times higher than in 1997. Some 48,000 square meters of offices were sold to investors. The total was somewhat less for warehouses — around 30,000 square meters — but that market had already taken off in 1997. There are many new projects in the planning stages, including 120,000 square meters of new warehouse space, that can be delivered within six or seven months once final approval is given."

Since Lyon escaped the explosion of real estate speculation in the late 1980s that left many other cities burdened with unsellable stock, its market is now ripe for development. The lack of new office space in particular represents a window of opportunity for investors.

"Lyon is a site that is once again interesting to international investors," says Mr. Schori. He points out that the Part-Dieu commercial center is of particular interest because of the lack of new office space of at least 2,000 square meters, the size that large companies are looking for. "Companies have no choice but to look at unbuilt space," he says. "This is a market niche that is waiting to be seized, and several foreign investors are looking at new construction."

Mr. Schori says that the warehouse market in the Greater Lyon area is expanding rapidly. "This is a privileged location for logistics," he says, "and there is strong demand from transport companies." The need to renovate existing warehouses that do not have the high ceilings and modern

equipment required by logistics companies today provides another potential investment prospect. "It's all there for anyone who wants to make money," says Mr. Schori.

Investor interest

The Lyon-based Baley Prenot Jones Lang Wootton has been seeing a great deal of interest from German, American and Dutch buyers recently and chalked up 300 million francs in sales to investors in 1998, according to CEO Jean-François Prenot, after a flat year in 1997. The biggest deal was the sale of the 16,000-square-meter Danica building for an overall investment of 185 million francs to

Suravenir, a French life insurance company owned by Crédit Mutuel. "This was the largest operation conducted in Lyon during the year," says Mr. Prenot.

Because of the demand for new office space, he is seeing clients who are willing to invest in office building projects that are not yet under construction and do not have potential tenants. He points out that the yield for prime office space in Lyon is between 8.5 percent and 9.5 percent, higher

than what an investor would receive in Paris. The yield on warehouse space is between 9.5 percent and 10.5 percent, about the same as in Paris.

One of the largest investors in Lyon's office property market is Citadel, an English property group that is



The good life: a "bouchon," a typical Lyon restaurant, and bright lights along the river.

located on the London stock exchange. Citadel owns five office buildings in Lyon, three in Part-Dieu and two in Villeurbanne. The group buys only recent, fully rented buildings, according to Philippe Alexis, director of Citadel Group France, and has had a 9 percent yield on its investment. "We believe strongly in Lyon," he says. "Demand is strong now, the stock of high-quality new products is low, and the prices are attractive."

The bottom line

Mr. Schori cites several advantages that Lyon has over Paris, beginning with lower prices. New office space that has yet to be built will sell for about 10,000 francs per square meter and rent for between 900 and 1,000 francs per square meter. Existing office space rents for about 750-800 francs per square meter. Comparable rents in Paris are 2,000-2,500 francs per square meter, according to Mr. Schori. That is a major advantage, especially when "Greater Lyon is the second economic region in France, with a GDP almost as high as that of Paris. We have what companies are looking for — very strong educational and research sectors and high-tech industry. We provide an alternative to Paris, but we will never have all the inconveniences that Paris has."

Mr. Schori adds that quality of life is becoming an increasingly important factor for companies choosing a location, and that makes the Lyon region, with its cultural and natural riches and low housing costs, even more attractive. "Greater Lyon is one of the French regions that will show the strongest development," he concludes. ■

THE LOGISTICS OF GETTING PRODUCTS TO THE MARKET

Lyon's role as a transport and distribution hub is growing.

Since the time of the Romans, who chose Lyon as their Gallic base because of its highly strategic location at the confluence of the Rhône and Saône Rivers, the city has been a crossroads of trade and ideas.

The city continues to capitalize on this asset. "We are taking Lyon's historic position as a crossroads and developing and modernizing it," says Jacques Moulindier, deputy mayor for economic development. "This includes the airport, the roads and the TGV, whose links with Italy, Germany and Spain are being improved."

A glance at a road map makes the reasons for the Lyon region's success as a logistics platform obvious: the city is located at the heart of a "spider web" of highways — France's highest-density highway network — shooting off in every direction. Some 180 million customers are reachable within a one-day truck drive from the city, and two-thirds of European goods crossing France use the region's highways every day. Its proximity to northern Italy and Spain make it a more logical base than Paris for companies looking to reach those markets.

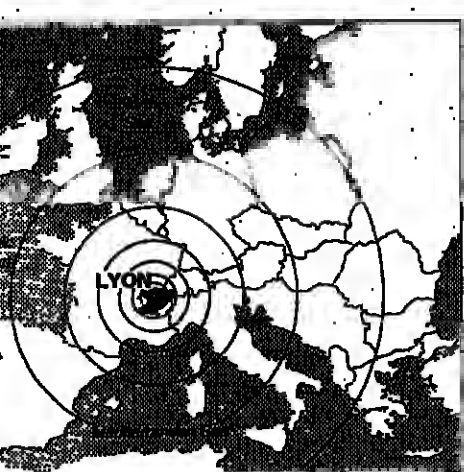
Lyon is also a French rail hub. Paris is only two hours away by the TGV (high-speed train), with 46 daily connections, and London can be reached in six hours, Brussels in four and a half hours, and Geneva in one hour. Marseille will soon be accessible within one hour, and high-speed trains will soon be zipping travelers from Lyon to Turin, Milan and Barcelona in record time.

The Lyon-Satolas International Airport is Europe's largest multimodal platform, with an integrated air, TGV and automobile network. It is currently served by 41 airlines with 80 passenger destinations (45 of them international) and 20 cargo destinations. Some 68,000 tons of freight pass through the airport yearly. Current expansion plans call for the doubling of the airport's capacity, from 5 million to 10 million passengers per year. Air France is making Lyon-Satolas one of its European hubs, second only to Paris.

This explains why so many companies, including Swedish furniture company Ikea, have made the area a distribution base, and why so many logistics and transport companies have done the same. The region now counts 700,000 square meters (7.5 million square feet) of logistical warehouses (modern warehouses with such amenities as computerized control systems, high ceilings and rail connections) of between 15,000 and 25,000 square meters, according to Jean-François Prenot, chief executive officer of Baley Prenot Jones Lang Wootton.

Says Brice Robert, of the real estate agency Brice Robert Rhône-Alpes: "The logistics market has shown strong growth in recent years thanks to logistics and transport companies. This growth in demand has resulted in the increasing rarity of available warehouses. In addition, these companies are looking for 'new generation' warehouses with high ceiling and rail connections."

Mr. Robert says that real estate companies have reacted by developing large products of between 10,000 square meters and 20,000 square meters that have not yet been built but that have received the necessary permits and can be delivered within six months. Currently, however, foreign and French investors are



becoming more willing to take the risk of building before a buyer is found. "At the moment, this is turning out to be a good strategy as these operations are finding buyers during the construction period," says Mr. Robert.

Cargill Financial Markets, a private international finance company, recently bought a new 22,400 square meter warehouse, built by GEPRIM, in Plaine de l'Ain. "This was a speculative investment," says Robert Balick, Cargill's investment manager in France. "We didn't have any tenants lined up." Potential tenants have already been looking at the property, however, and Mr. Balick is confident that the warehouse will soon be rented thanks to its high quality and flexibility. "There is a strong demand for modern products in this area," he says, pointing out that many industrial parks in France are now out of date. The warehouse has 10 1/2 meter high ceilings and all the latest equipment.

"We believe strongly in the Lyon region," concludes Mr. Balick, "and we are betting on its attractiveness as a logistics center in Europe." ■

A STRATEGIC CHOICE FOR INVESTORS

Advantages include a strong industrial base and an innovative scientific community.

Greater Lyon is an obvious choice for investors, says Jean-Jack Queyranne, mayor of the Lyonnaise suburb Bron and France's deputy minister for overseas territorial affairs, because of "its strategic location at the crossroads of Northern and Southern Europe, its quality of life and its intellectual and industrial dynamism."

With 1.3 million inhabitants and a gross domestic product of 235 billion francs in 1992 according to the French national statistics institute INSEE, the city is situated at the heart of Europe's sophisticated road and rail systems.

The region has a rich industrial tradition and is known for its expertise and innovation in a number of high-tech fields, including health and biotechnology, chemicals, high-tech materials and textiles, agro-industry and the environment.

"Lyon has enormous potential," says Christian Philip, deputy mayor. "It is an important city in terms of higher education and research, with 100,000 students and major laboratories. It is an important industrial city, notably in the fields of technology, chemistry and textiles. It is an important regional city, capital of the second region in France. It is remarkably accessible, with the Lyon-Satolas airport, the TGV and the highway system."

Greater Lyon offers residents a quality of life that is hard to beat, even in France. In the surrounding Rhône-Alpes region, landscapes vary from Alpine peaks to the famed Beaujolais vineyards and the olive groves of the Drôme Provençal. The lovely city of Lyon, which straddles two rivers, the Rhône and the Saône, boasts historic neighborhoods and an active cultural life that includes world-class theater, opera, dance and museums. It is a city where the living is easy. ■

WHAT WILL MONETARY UNION DO FOR LYON?

The city is in a good position to capitalize on pricing transparency and the diminishing power of capital cities.

Greater Lyon is positioning itself as a center of the Europe of regions, an increasingly important concept as European monetary union becomes a reality and economic power devolves from the traditional national centers.

The advent of the euro may have wide ramifications for Europe's traditional centers of power. As the European Central Bank takes on many of the responsibilities of national financial institutions, companies may no longer automatically choose national capitals for their headquarters because of their proximity to the country's central bank.

According to a report compiled by the French realty company Bourdais, the introduction of the single currency "will make cross-border investments easier, as the exchange rate risk disappears. Moreover, asset managers are expected to increasingly consider the whole of the euro zone as a means of diversifying their portfolio. However, the impact of the euro will be limited, as investors are more concerned about the characteristics of a specific market,

such as, for example, growth in rents and/or capital values."

Alain Schori, associate regional director of Auguste Thouard real estate agency and vice president of FNAIM Entreprises, points out that by making real estate price comparisons easier, the euro will make the lower prices in the Lyon region clearer to foreign investors.

Brice Robert, of the real estate agency Brice Robert Rhône-Alpes, adds that the introduction of the euro "will enable foreign investors to avoid the risks associated with currency fluctuations. This means that we can expect a positive effect in cities that offer good prices and good profitability. Lyon is certainly well-situated in this regard."

Says Jean-Claude Condamin, chairman and chief executive officer of real estate agency Sogelym-Steiner: "Several studies, notably one conducted by Jones Lang Wootton, suggest that the effect of the euro on the European real estate market will be a shrinking in the spread of rates of return, which vary, for example, from between 8.5 and 9 percent in Lyon to 5

percent in Düsseldorf. We may see more homogeneous European rates."

Mr. Robert believes that regional sites will become more important to companies since "they choose the site of their headquarters according to the services it offers, including good air, road and rail connections; office buildings or industrial parks with excellent services; and the availability of housing for employees," all qualities that Lyon offers.

In Mr. Condamin's view, companies are likely to choose two or three principal sites for European bases with a view toward particular markets, such as English-speaking Europe, Eastern Europe or Southern Europe. "This will be a favorable trend for Lyon," he adds.

The joint venture announced last

December, on the eve of the introduction of the euro, by Hoechst and Rhône-Poulenc, two European pharmaceutical and chemical giants, once again put the spotlight on Lyon, the birthplace of Rhône-Poulenc, as a European center and forged new cross-border links between Lyon, Strasbourg and Frankfurt.

Hoechst and Rhône-Poulenc are merging their life sciences businesses into a new company, called Aventis, which has the world's largest research budget and ranks second in the world in the pharmaceutical sector, with annual sales of \$20 billion. Aventis's headquarters will be in Strasbourg, and Lyon will be the international seat of Aventis Agriculture, which will combine all the agricultural activities of Hoechst and Rhône-Poulenc. ■

FOR MORE INFORMATION

Look for the International Herald Tribune Sponsored Section, "Business Locations: Lyon," to be published on March 11.

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North Americans Capture NHL All-Star Game, 8-6

Gretzky, With a Goal and 2 Assists, Is Named MVP

By Rachel Alexander
Washington Post Service

TAMPA, Florida — The North American team won another high-scoring, loose-checking All-Star Game that ended with Wayne Gretzky being named the All-Stars' star again.

Defending the title they won in last year's contest, the first to use the international format, the North Americans jumped ahead early Sunday and never trailed. They won, 8-6, and claimed \$50,000 in prize money.

Gretzky, looking 18 rather than 37, was named the game's most valuable player, finishing with a goal and two assists. He also turned in the game's best shift, electrifying his team in the third period.

"There wasn't a lot of hitting," said Peter Bondra, who played for the World team. "But that's what happens when you get a lot of skilled players together."

Mostly, it was just a lot of fun. While most players said they liked the format of North Americans versus the rest of the world, there are inconsistencies in the selection process.

With more than 70 percent of the league hailing from Canada and the United States, more players are competing for spots on the North American roster than on the World team.

"Last year it wasn't fair but this year it is," said Ken Hitchcock, the North American team's coach, who was in charge of the World team last year. "But this was a competitive game, and the players are into this."

The contest featured intense playmaking and little defense. There wasn't a penalty until the third period when Al MacInnis of the North Americans was called for tripping.

North America took the lead at 4 minutes and 9 seconds of the first period on a goal from Dal-

las's Mike Modano. The World team then tied the score about five minutes later on a goal that came off the stick of a North American defenseman, Rob Blake. The goal was credited to the San Jose Sharks' forward, Marco Sturm.

North America then scored five straight goals, the last by Gretzky, to take a 6-1 lead at 1:14 of the second period.

The World team narrowed the gap to 7-4 in the second period. Then, in the third, Mats Sundin scored to make it 7-5. But North America's Darryl Sydor replied to make it 8-5 before Sergei Zubov closed out the scoring.

As the game wound down, Gretzky put on one last display, an amazing shift that included several passes from his favorite spot behind the net, much to the delight of both teammates and opponents. Afterward, Gretzky said he would keep the 1999 Dodge Durango hat came as the prize for MVP. "In my career, I think I have won 16, maybe 17 cars, and I've given them all away," he said. "I want to keep this to be a reminder of the game. After 21 years of professional hockey, 20 in the NHL, I just feel like this is the one thing I want to keep. I want to have it and I want to remember it."



Wayne Gretzky of the North American team following through on a goal-scoring shot.

New Coach for Canucks

The Vancouver Canucks replaced one Stanley Cup winning coach with another when they fired Mike Keenan and hired Marc Crawford, The Associated Press reported from Vancouver. The team made the announcement at a news conference late

Sunday, and Crawford, who led Colorado to the Cup in 1996, told Canadian television during the All-Star Game that he had signed a long-term pact with Vancouver. Keenan led the New York Rangers to the Stanley Cup in 1994 but the Canucks missed the playoffs last season and are 11th in the Western Conference.

59 on Final Round Gives Duval Victory

By Clifton Brown
New York Times Service

LA QUINTA, California — It was a magical round of golf, executed by a player blessed with almost mystical composure.

On Sunday, David Duval hit only the third round of 59 in the history of PGA Tour competition. Duval reserved his place in the record books during a memorable final round of the Bob Hope Chrysler Classic, shooting 13 under par at the Arnold Palmer Private Course at PGA West. Overcoming a seven-stroke deficit to win, he strengthened his position as the world's most dominant player.

Duval's dramatic one-stroke victory over Steve Pate was his ninth victory in his last 28 starts and his second victory in two starts this year. Duval won \$540,000 Sunday to increase his earnings to over \$1 million this year in two tournaments.

With his six-foot eagle putt at No. 18, Duval joined Al Geiberger and Chip Beck as the only players to shoot 59 on the tour. Geiberger did it in 1977 during the second round of the Memphis Classic. Beck did it in 1991 during the third round of the Las Vegas Invitational.

Duval was the first to shoot 59 on a Sunday, when the pin placements are toughest and the



David Duval hitting his tee shot on No. 18 in the final round of the Bob Hope Classic.

pressure of being in contention is most intense. He shot an incredible 28 on the back nine, capping it all with the eagle on the final hole.

"It's not really something I expected to do in my career," said Duval, who finished at 26 under par for the five-day tournament (334), one stroke ahead of Pate (335), who shot a 66 Sunday.

Starting the day trailing the leader, Fred Funk, by seven strokes, Duval opened with three birdies. He had a total of five birdies on the front nine, but on the back nine he was even better. He birdied the 10th, 11th and 12th holes, made par at the 13th, then birdied the 14th, 15th and 16th. He made par at 17 before closing with the eagle.

In NBA's First Preseason Game, Pacers Beat What's Left of the Champion Bulls

By Ira Berkow
New York Times Service

CHICAGO — At long last, after more than six months of lockout language, the National Basketball Association played its first exhibition game, for want of a better term.

It was also the only game on the schedule Sunday. The Chicago Bulls, the defending champions of the league and with three full practice sessions under their belts, played host to the Indiana Pacers, who may well dethrone them. For that matter, the Clippers, the Grizzlies, the Raptors, the Kings and the Nuggets may sweep past them in the won-lost column. It is so secret that the Bulls were decimated by the retirement of one player, who received some notice, as well as a clutch of trades and free-agent departures.

Before the game, Mark Jackson, the veteran point guard, said that he and his Pacers did not view this game as "payback." The last time the Pacers peered at Bulls jerseys was May 31 in the seventh and deciding game of the Eastern Conference finals — the only time in the Bulls' six championship seasons when they were extended to seven games in any playoff series.

"It wasn't like we felt fortunate to take the Bulls

to seven games in a tough series," Jackson said. "We thought we were a better team. This Bulls team is not the same team — no Jordan, no Pippen, no Rodman, no lots of guys — but it's still a team in the NBA and a team we want to look good against."

Bill Wennington, who was a reserve with the Bulls for the last few seasons, chose to address the home crowd before the game.

"Last season was called the Last Dance," said Wennington, alluding to the name that Phil Jackson, the departed coach, had given it. "This is more like the First Dance. There'll be mistakes, and there might not be the right chemistry right away, but we're going to work hard. Give us a chance and we'll get better."

The Pacers opened with their starting team from last season — Jackson, Reggie Miller, Rik Smits, Dale Davis and Chris Mullin. The lone starter from last season for the Bulls was Ron Harper, other starters were Toni Kukoc, the sixth man for the championship Bulls, along with Wennington, Randy Brown and Dickey Simpkins, all reserves from the glorious past.

The Bulls lost, 79-71. "The best thing is that we're still 0-0" in games that count, said their new coach, Tim Floyd. "I think we did O.K. for a group still trying to learn each other's names."

SCOREBOARD

BASKETBALL

NBA PRESEASON

SUNDAY RESULTS
Indiana 79, Chicago 71

U.S. COLLEGE SCORES

SUNDAY RESULTS
WOMEN
No. 3 Purdue 114-60 def. Wisconsin 14-56.
No. 4 Georgia 114-60 def. Mississippi 81-43.
No. 7 N.C. 119-40 def. Georgia Tech 71-44.
No. 12 Ohio St. 114-60 def. Richmond 84-51.
No. 13 Virginia Tech 114-60 def. Temple 89-49.
No. 14 Iowa St. 114-60 def. Iowa 14-56.
No. 15 Rutgers 114-60 def. Providence 99-52.
No. 17 Penn St. 114-60 def. Indiana 95-42.
No. 18 Ala. 114-60 def. Kentucky 76-72.
No. 19 Virginia 114-60 def. LSU 80-71.
No. 21 Florida 114-60 def. LSU 80-71.
No. 22 Ohio St. 114-60 def. Minnesota 88-42.
No. 24 Tulane 114-60 def. St. Louis 73-52.

FOOTBALL

COLLEGE BOWL GAME

SUNDAY IN KANSAS CITY, MO.
IOWA 14, North 14

ICE HOCKEY

NHL ALL-STAR GAME

SUNDAY IN TAMPA, FLA.
North America 8, World 6

SOCCER

AFRICAN NATIONS CUP

STANDINGS: Group 4 points: Morocco 3; Cameroon 1; Eritrea 1.
GROUP TWO
STANDINGS: Morocco 4 points; Togo 3; Ghana 1; Sierra Leone 0.
GROUP THREE
STANDINGS: Ivory Coast 4 points; Congo 4; Mali 3; Namibia 0.
GROUP FOUR
STANDINGS: South Africa 4 points; Angola 3; Gabon 3; Mauritania 1.
GROUP FIVE
STANDINGS: Nigeria 4 points; Burkina Faso 3; Burkina Faso 2; Senegal 1.
GROUP SIX
STANDINGS: DR Congo 4 points; Zambia 4; Kenya 1; Madagascar 1.
GROUP SEVEN
STANDINGS: Tunisia 4 points; Liberia 3; Uganda 3; Algeria 0.
ITALIAN FIRST DIVISION
Empoli 0, Fiorentina 3

GOLF

BOB HOPE CLASSIC

Score Sunday of \$3 million Bob Hope Chrysler Classic, played on PGA West Palmer Private course near La Quinta, Calif. Sunday's round played on West Palmer course:
David Duval, U.S., 67-72, 139 (135-139)
Steve Pate, U.S., 68-71, 139
John Huston, U.S., 68-71, 139
Bolo Eby, U.S., 68-71, 139
Fred Funk, U.S., 68-71, 139
Skip Kendall, U.S., 68-71, 139
Jeff Maggert, U.S., 68-71, 139
Paul Goggin, U.S., 68-71, 139
Kevin Sutherland, U.S., 68-71, 139

CRICKET

INDIA A VS. PAKISTAN

THIRD-TEST MATCH, FINAL DAY
KOLKATA IN CALCUTTA, INDIA
Pakistan 324 and 272
India 276 and 111-5
Match ended in a draw.

TENNIS

AUSTRALIAN OPEN

WOMEN'S SINGLES FOURTH ROUND
Vincenzo Spadea, U.S., def. Andre Agassi, U.S., 6-4, 7-6, 6-7 (3-7), 6-3.
TOMMY HIGGS, def. Federico Stofan, France, 6-2, 6-3, 7-5; Todd Martin (15), U.S., def. Wayne Black, Zimb., 7-6 (7-3), 6-4, 6-4.
Yevgeny Kafelnikov (10), Rus., def. Andrei Pavel, Rom., 6-3, 7-6 (7-5), 6-7 (5-7), 3-6, 6-4.
WOMEN'S SINGLES FOURTH ROUND
Marion Hingis (2), Switz., def. Amanda Coet-

TRANSITIONS

NATIONAL BASKETBALL ASSOCIATION

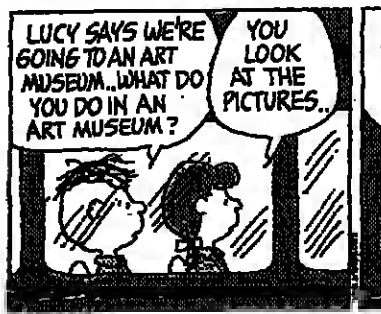
CLEVELAND — Signed F. Johnny Newman.
MIAMI — Signed F. Clarence Weatherspoon.
NEW YORK — Signed G. Dennis Scott.
WUDDY O'LEARY, def. Tim Gagliardi to a 4-year contract. Signed F. John Fick.
FOOTBALL
NATIONAL FOOTBALL LEAGUE
CHICAGO — Named Dick Jovanovic coach.
HOCKEY
NATIONAL HOCKEY LEAGUE
VANCOUVER CANUCKS — Fired Mike Keenan, coach. Named Marc Crawford coach.

DENNIS THE MENACE



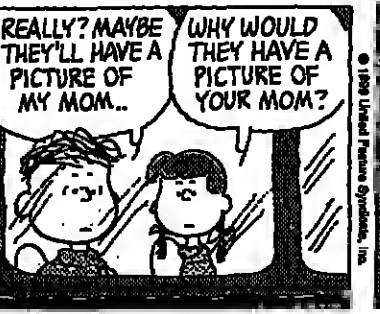
"COULD YOU FINISH THAT STORY YOU WERE READING WHEN I FELL ASLEEP LAST NIGHT?"

PEANUTS



LUCY SAYS WE'RE GOING TO AN ART MUSEUM. WHAT DO YOU DO IN AN ART MUSEUM?

CALVIN AND HOBBES



NEXT TIME WE GO DOWN, I GET TO STEER THE SLED.

WIZARD OF ID



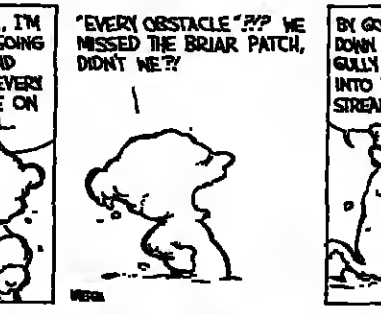
...AND SO, ONCE AGAIN, I MUST RAISE YOUR TAXES!

NON SEQUITUR



...THEN AFTER THEY GOT INKURED, THE PRINCE GRADUALLY TURNED BACK INTO A TOND.

DOONESBURY



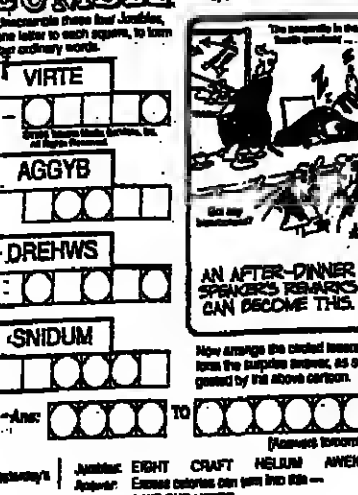
SO HAVE YOU BEEN WATCHING THE PROTESTS? TRAIL, SENE?

BEETLE BAILEY



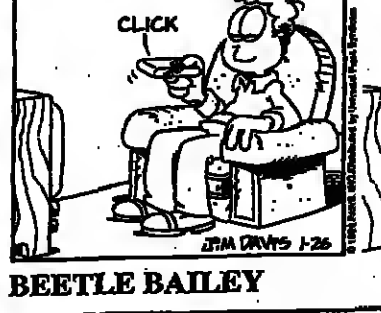
YOUR SHIRT IS DIRTY, YOUR JACKET IS WRINKLED AND YOU'RE MISSING A BUTTON

JUMBLE



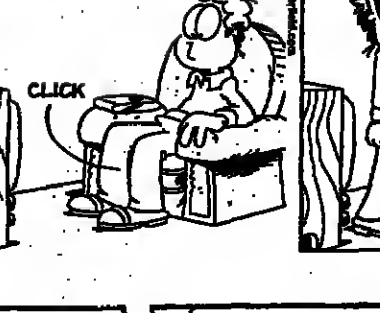
THAT SCRAMBLED WORD GAME by Janet Arnold and Mike Higgins

BLONDIE



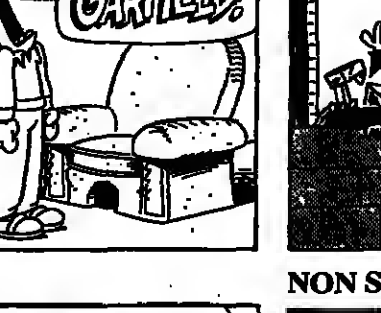
ALL ABOARD!

INTERNATIONAL FRANCHISES



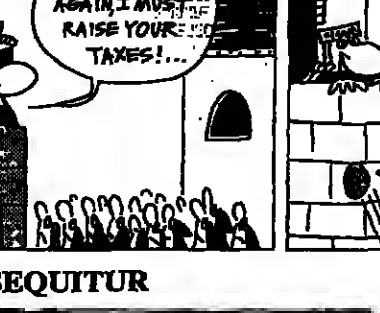
Appear every Wednesday in The Internet Market.

ALL ASHORE WHO'S GOING



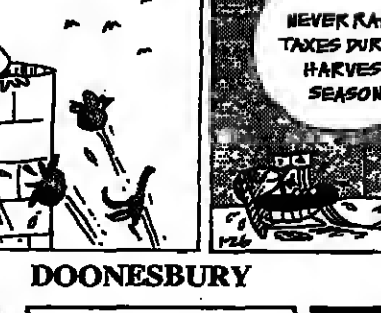
I HATE IT WHEN HE WATCHES THOSE DUMPS LATE-NIGHT SEA MONIES

PARTY TIPS BY MR. SISTERS GRIMM



PARTY TIPS BY MR. SISTERS GRIMM

NEVER RAISE TAXES DURING HARVEST SEASON



NEVER RAISE TAXES DURING HARVEST SEASON

AND OTHER BOOY BARKS



AND OTHER BOOY BARKS

ART BUCHWALD

A Record for Crazies

NEW YORK — Good evening, this is Harry Morrison of CNN. We are in the living room of Andy Haas in Queens, New York. Andy has just broken into the Guinness Book of Records by watching every principal in the Senate presidential impeachment trial make his presentation.

Haas vowed he would watch all of the Senate prosecutors, as well as the president's defenders, without going to the bathroom. Doctors, psychologists and political experts said it was impossible to listen to all the speeches and maintain one's sanity.

With Andy are his wife, Dahlia, and his children, who witnessed Andy's feat and begged him not to continue. As you can see, after his ordeal, Andy is not in good shape. He is mumbling to himself, and there is foam on his lips.

"Andy, you have heard 12 speakers. Do you believe that President Bill Clinton has committed a high crime or a misdemeanor?"



Buchwald

"Hrrrrmmhrrum."
"What did you say?"
The doctor rushes over and takes his pulse. "He's getting dehydrated. Give him water."

"Dahlia, are you proud of your husband?"

"I think he's crazy. No one could listen to that many speeches and hope to come out of it the way he went in."

"Andy, since you are the only viewer left who has heard all the presentations, do you have a message for us?"

"I regret I have only one life to give to my country."

"Very good, Andy. Do you plan to listen to the witnesses as well?"

"Give me liberty or give me death."

"Now let's go to the children. Kids, what do you think of your father's determination to listen to all the prosecutors' cases?"

"He lost his job because he won't go to work. His eyesight is shot and so is his hearing. But that's the way Dad is. When he puts his mind to wanting to hear all the facts concerning alleged sex in the White House, he's a real Larry Flynt."

Ingres on View at National Gallery

LONDON — For those attracted to the great, the brilliant, the crafty and the vain, the place to be starting Wednesday is the National Gallery, where some of the 19th century's greatest, most brilliant, craftiest and vainest figures will come to life in "Portraits by Ingres."

The exhibition, through April 25, is billed as the first outside France to assemble the painted and drawn portraits of Jean-August-Dominique Ingres (1780-1867), perhaps the most accomplished portraitist of his time.

Among some 40 painted portraits and 50 of the artist's finest portrait drawings are many of his best-known works, drawn from museums and private collections in Europe and the United States.

In Brooklyn, Russian Jokes Keep Their Sting

By Susan Sachs
New York Times Service

NEW YORK — Everyone's a comedian. Wander along the boardwalk in Brighton Beach, as a team of young immigrant comedians does for their twice-monthly television show. Shove a microphone at any ordinary-looking guy in a fur hat. Has he got a joke for you? Has he got a joke for you?

Humor, the elixir that helped relieve the aches and pains of life in the former Soviet Union, has survived the Russian immigrants' voyage to Brooklyn. Not only are the streets filled with wags, the Russian newspapers are filled with page after page of jokes.

The Russian-language television and radio station, WMNB, broadcasts two locally produced comedy shows. Transplanted Russian comedians work the private-party circuit, while the most successful of the New York City immigrant troupes, Kanotye, fills the 600-seat National restaurant in Brooklyn every time the group opens a new variety show.

But just because the Russians are laughing a lot, it doesn't mean they think life is so good here. What would be funny in that? "It's the nature of Russians to take everything with a little bitterness and a little humor," said Valentin Polyakov, a member of Kanotye. "There's comedy in that."

The line between laughter and tears was always paper-thin in Russia. Tragedy flavored comedy and gave it its sting. Humor survived Soviet censors and even thrived on adversity, shaped into something subtle and delicious in the hands of comedians who disguised their punches in a double entendre or a judicious pause.

It is difficult to transplant that kind of underground humor to a country where anything and everything goes in comedy. What's the point of subtlety, many of the older immigrant comedians complain, when everyone is free to complain out loud?

"Forbidden fruit is always sweet," said Albert Levin, a well-known Soviet-era comedy writer who immigrated to Brooklyn two years ago to join his son. "When we had censors and it was forbidden to joke, it was easier to find things to joke about."

But Levin is making the best of a good situation. He has begun to revel in the Jewish jokes and the Yiddish intonations that he was forbidden to use for most of his career (the majority of the 400,000 or so Soviet immigrants in New York City are Jewish or have Jewish spouses).



Yuri Sychev, Yelena Khanga, Simon Simarov, and Edward Kamenetsky.

He does his stand-up routines at bar mitzvahs, Jewish centers and private gatherings of Russian-speakers — "to keep in sporting shape," he said — and he writes a humor column for several local Russian newspapers.

Levin has also thrown himself into the task of learning English, but he can't find anyone to practice with. This is not a joke: in Brighton Beach, there are signs in store windows that advertise: "English spoken here." Everyone speaks Russian, Levin complained with a smile, including the Chinese merchants.

Old age and grouch jokes aside, Russian comedians are finding their richest material in that unfathomable region where the immigrant collides with American bureaucracy. Medicaid, welfare, traffic rules, the tyranny of the Immigration and Naturalization Service officer who administers the citizenship test — these are the new surreal aspects of many immigrants' lives.

Comedians have managed to spin endless variations on the theme. One of the favorites pokes fun at elderly immigrants who want American citizenship but don't want to learn English and civics for the INS test. Jokes

about their search for a doctor to attest that they are incapable of learning were funny enough. Then came Viagra.

"From now on, it's either-or," laments Simon Simarov, one of the stars of the Kanotye comedy troupe, in a routine he performed recently on stage. "I just got a paper from the doctor that I'm not capable, and now all of the sudden they have Viagra!"

Simarov can pull this off better than most. He started out as a tap-dancer in Odessa at the age of 14. He is now a spry 82 and plays the role of a slightly befuddled immigrant grandfather to the hilt. His eyebrows ascend in wonder. His voice becomes querulous. To be "capable, or not to be?"

"My wife," continues Simarov, "tells me, either take the Viagra and let's go to bed right away or take your sleeping pill, which doesn't work anyway, and study English all night long."

Kanotye, which is Russian for the straw hat, or boater, that the performers wear in their revues, is the only local Russian immigrant comedy troupe with a regular paying gig. The writers are Edward Kamenetsky, a former Moscow producer who is also Si-

marov's son-in-law, and Yuri Sychev, who worked with Kamenetsky in prize-winning Soviet comedy shows.

They also fill the principal roles in each of Kanotye's ever-changing revues. The other lead players are Simarov and Yelena Khanga, a former journalist who still flies back to Moscow every few months to host a sex talk show on Russian television.

Kanotye takes over the National restaurant for one Thursday night every three and a half months to introduce a new revue. The performers, who mix dance, music, skits and stand-up routines in the style of Soviet variety shows, have developed a loyal following of Russian-speaking fans who can afford the \$40 cost of a meal and cover charge.

"We realized that Russian people don't go to American comedy clubs, even though their English might be good enough," said the round-faced Kamenetsky, who works by day as an advertising executive in Manhattan. "We saw that the humor of Russian people has its own social and historical roots and doesn't relate to American humor."

In the Kanotye repertoire, the humor is indeed particular and would be hard to translate. Kamenetsky and Sychev write what is often a universal style of satire about Russian immigrants, but they carry the joke further for their audiences by putting the satire to the music of classic Soviet films, the Russian Civil War and the Young Pioneers.

Much of the Russian comedy being broadcast and performed now would be recognizable, in translation, to anyone familiar with Borscht Belt humor, which itself was inspired by the brand of self-deprecating and family-centered humor brought over by Russian Jewish immigrants early in the century. The mother-in-law jokes, the vodka-in-the-style-one-liners and the wry treatment of anti-Semitism — all hallmarks of Odessa port city still considered by Russians the font of all real humor — sound familiar edited out for content.

For instance, when the hosts of the television show "Prosto Anekdoty" (Just Jokes) intercepted a Russian strolling on the Brighton Beach boardwalk, he told the old chestnut about three men on an airplane. In his joke, they are a Communist, a Fascist and a Russian Jew. God tells them he will grant each one a wish. The Communist wishes that all Fascists would disappear from the earth. The Fascist wishes the same for all Communists. The Jew says, "If you are going to grant their wishes, I'll just take a cup of coffee."

PEOPLE



Fernanda Montenegro holding Vinicius de Oliveira, who holds the Golden Globe for best foreign language film awarded to "Central Station."

THE Golden Globe Awards were presented in Beverly Hills, California, on Sunday and the prize for best motion picture musical or comedy was given to "Shakespeare in Love," a whimsical imagining of how the playwright found his inspiration for "Romeo and Juliet." It also took the award for best screenplay, by Marc Norman and Tom Stoppard. The award for best dramatic movie went to the World War II drama "Saving Private Ryan," and the best director award went to its director, Steven Spielberg. The award for best actress in a drama went to Cate Blanchett for her depiction of the British monarch in "Elizabeth," and the Globe for best actor in a drama went to Jim Carrey for his role in "The Truman Show." Michael Caine took the award as best actor in a musical comedy for his role as the slick, small-town booking agent, Ray Say, in the movie "Little Voice." Gwyneth Paltrow won as best actress in a musical or comedy for her part as Shakespeare's muse in "Shakespeare in Love." Brazil's "Central Station" woo

for best foreign language film.

The Chinese intellectual Hsiung Ping Ming was married to Lu Bing An over the weekend in Paris, where he has lived for 52 years. Hsiung, former head of the French National Institute for Oriental Languages and Civilization, celebrated with such friends as the writer Francois Cheng, who was awarded the Femina and Andre Malraux prizes this year, the painter Zao Wou Ki, and Chang Ning Ho, the violinist and former conductor of the Peking Symphony Orchestra.

The new husband of Princess Caroline of Monaco, Prince Ernst August of Hanover, hit out at the paparazzi Saturday, verbally this time. The prince, 44, who married Caroline in Monaco earlier that day, said in an interview on German television that there were "15 or 20 paparazzi who are revolting people," and slammed those "who are only interested in a photograph showing you in a bathing costume with someone or other." A Ger-

man court last month ordered the prince to pay \$8,700 to a cameraman he had attacked with an umbrella in 1997.

Britain's 98-year-old Queen Mother had an emergency operation on Sunday to stop a serious nosebleed, the Mirror newspaper reported. The mother of Queen Elizabeth II was rushed to a

hospital for the hour-long operation. Buckingham Palace had no comment.

A federal judge has ordered Los Angeles Magazine to pay Dustin Hoffman \$1.5 million, with punitive damages to be determined next week, for a fashion spread that used the actor's image from the film "Tootsie" without permission.

Smithsonian's Leader Heyman Will Retire

New York Times Service

WASHINGTON — L. Michael Heyman, a legal scholar and university administrator who has led the Smithsonian Institution since 1994 through a period of growth and arguments over academic freedom, will retire, officials of the institution say.

Heyman's retirement as secretary of the Smithsonian, to be announced formally at Monday's meeting of its board of regents, opens one of the nation's most coveted cultural positions. A search is likely to attract candidates from science, education and the arts.

It is a chore that the regents are not often called up to perform. Since the Smithsonian was founded in 1846 with a bequest from James Smithson, a Briton who had never seen the United States, Heyman, 68, was its 10th secretary.



(go down in history)

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